

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

**MOTION RECORD OF THE APPLICANT,
CHALICE BRANDS LTD.
(VOLUME 2 OF 2)
(Motion Returnable July 27, 2023 at 11:30 a.m.)**

July 21, 2023

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO# 44066M)
Tel: 416.862.4908
Email: mwasserman@osler.com

Shawn Irving (LSO# 50035U)
Tel: 416.862.4733
Email: sirving@osler.com

Kathryn Esaw (LSO# 58264F)
Tel: 416.862.4905
Email: kesaw@osler.com

Fabian Suárez-Amaya (LSO# 80301W)
Tel: 416.862.6416
Email: fsuarezamaya@osler.com

Lawyers for the Applicant,
Chalice Brands Ltd.

TO: **THE SERVICE LIST**

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
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SERVICE LIST

(As at June 26, 2023)

<u>PARTY</u>	<u>CONTACT</u>
OSLER, HOSKIN & HARCOURT LLP 100 King Street West 1 First Canadian Place Suite 6200, Box 50 Toronto ON M5X 1B8 Canadian Counsel to the Applicant	Marc Wasserman Tel: 416.862.4908 Email: MWasserman@osler.com Shawn Irving Tel: 416.862.4733 Email: SIrving@osler.com Kathryn Esaw Tel: 416.862.4905 Email: KEsaw@osler.com Fabian Suárez-Amaya Tel: 416.862.6416 Email: FSuarezamaya@osler.com
LEONARD LAW GROUP 4110 SE Hawthorne Boulevard PMB 506 Portland OR 97214-9246 U.S. Counsel to the Applicant	Timothy Solomon Tel: 971.634.0194 Email: TSolomon@LLG-LLC.com Justin Leonard Tel: 971.634.0192 Email: JLeonard@LLG-LLC.com

<u>PARTY</u>	<u>CONTACT</u>
<p>KSV RESTRUCTURING INC. 150 King Street West Suite 2308 Toronto ON M5H 1J9</p> <p>Monitor</p>	<p>Noah Goldstein Tel: 416.932.6207 Email: NGoldstein@ksvadvisory.com</p> <p>Christian Vit Tel: 647.848.1350 Email: CVit@ksvadvisory.com</p>
<p>CASSELS BROCK & BLACKWELL LLP 40 King Street West Scotia Plaza, Suite 2100 Toronto ON M5H 3C2</p> <p>Counsel to the Monitor</p>	<p>Ryan Jacobs Tel: 416.860.6465 Email: RJacobs@cassels.com</p> <p>Jeremy Bornstein Tel: 416.869.5386 Email: JBornstein@cassels.com</p>
<p>CARDINAL ADVISORY SERVICES INC. 120 Adelaide Street West Suite 2210 Toronto ON M5T 1H1</p> <p>Chief Restructuring Officer of the Chalice Group</p>	<p>Scott Secord Email: ScottLSecord@gmail.com</p>

<u>PARTY</u>	<u>CONTACT</u>
<p>FARLEIGH WADA WITT 121 SW Morrison Street Suite 600 Portland OR 97204</p> <p>U.S. Counsel to Greenpoint Oregon, Inc.; Greenpoint Equipment Leasing, LLC; CFA Retail LLC; SMS Ventures LLC; and CF Bliss LLC</p>	<p>Holly Hayman Tel: 503.228.6044 Email: HHayman@fwwlaw.com</p>
<p>KENNETH S. EILER, P.C. 515 NW Saltzman Road Portland OR 97229</p> <p>U.S. State Receiver</p>	<p>Kenneth Eiler Tel: 503.292.6020 Email: Kenneth.Eiler7@gmail.com</p>
<p>LANE POWELL PC 601 S.W. Second Avenue Suite 2100 Portland OR 97204</p> <p>Counsel to Kenneth Eiler, the U.S. State Receiver</p>	<p>David Criswell Tel: 503.778.2198 Email: CriswellD@lanepowell.com</p>

Lenders:

<u>PARTY</u>	<u>CONTACT</u>
<p>CAPITAL TRANSFER AGENCY, ULC 390 Bay Street Suite 920 Toronto ON M5H 2Y2</p> <p>Debenture Trustee, Round 4 Convertible Indenture</p>	<p>Sarah Morrison Tel: 416.350.5007 Email: info@capitaltransferagency.com</p>
<p>ODYSSEY TRUST COMPANY 300 5th Avenue S.W. Suite 1230 Calgary AB T2P 3C4</p> <p>Debenture Trustee, Round 5 Convertible Indenture</p>	<p>Dan Sander Tel: 778.819.1184 Email: info@odysseytrust.com</p>
<p>DLA PIPER (CANADA) LLP 100 King Street West 1 First Canadian Place Suite 6000 Toronto ON M5X 1E2</p> <p>Counsel to High Street Capital Partners, LLC</p>	<p>Edmond Lamek Tel: 416.365.3444 Email: Edmond.Lamek@dlapiper.com</p> <p>Robert Fonn Tel: 416.369.5280 Email: Robert.Fonn@dlapiper.com</p>

<u>PARTY</u>	<u>CONTACT</u>
<p>BOBSLED EXTRACTS, LLC 1952 E Ochoco Street Portland OR 97222</p>	<p>Stephen Sweeney Tel: 503.819.9670 Email: SMS@bobsledextracts.com</p>
<p>TOZMOZ, LLC 12042 SE Sunnyside Road No. 394 Clackamas OR 97015</p>	<p>Gerald Wallis Email: Jerry@tozmoz.com</p>
<p>LOTUS LAW GROUP 2 Centerpointe Drive Suite 345 Lake Oswego OR 97035</p> <p>U.S. Counsel to Alicia Smith, Jillian Smith and Marcena Sorrels, lenders under Homegrown Note</p>	<p>Allison Bizzano Tel: 503.606.8930 Email: Allison@lotuslawgroup.com</p>

<u>PARTY</u>	<u>CONTACT</u>
<p>AIRD & BERLIS LLP 181 Bay Street Brookfield Place Suite 1800 Toronto ON M5J 2T9</p> <p>Canadian Counsel to Alicia Smith, Jillian Smith and Marcena Sorrels</p>	<p>Steven Graff Email: sgraff@airdberlis.com</p> <p>Miranda Spence Email: mspence@airdberlis.com</p> <p>Tamie Dolny Email: tdolny@airdberlis.com</p>
<p>MCMILLAN LLP 1055 W. Georgia Street Suite 1500 Vancouver BC V6E 4N7</p> <p>Counsel to Gary Zipfel</p>	<p>Daniel Shouldice Tel: 604.691.6858 Email: Daniel.Shouldice@mcmillan.ca</p>
<p>MIKE GENOVESE 3300 NW 185th Suite 163 Portland OR 97229</p>	<p>Mike Genovese Email: MikejGeno@gmail.com</p>

<u>PARTY</u>	<u>CONTACT</u>
WILLIAM SIMPSON PO Box 510 Lawai HI 196765	William Simpson Email: William@ws3consulting.com
DANIEL PETER NOONAN 2300 Britanna Road Burlington ON L7P OG2	Daniel Peter Noonan Email: DNoonan@wealthbuilding.ca
KARL RICKARD MILLER JR. PO Box 10168 Ketchum ID 83349	Karl Rickard Miller Jr. Email: RickM@roguevp.com

<u>PARTY</u>	<u>CONTACT</u>
REAL SOLUTIONS ORGANIZATION INC. 23632 Highway 99 Suite F451 Edmonds WA 98026	Casey Steele Tel: 206.228.7950 Email: CaseySteele@aol.com

Governments / Ministries:

<u>PARTY</u>	<u>CONTACT</u>
DEPARTMENT OF JUSTICE (CANADA) Ontario Regional Office Tax Law Section 120 Adelaide Street West Suite 400 Toronto ON M5H 1T1	Edward Park, Senior Counsel Email: Edward.Park@justice.gc.ca
CANADA REVENUE AGENCY 1 Front Street West Toronto ON M5J 2X6	Email: AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca
MINISTRY OF FINANCE (ONTARIO) Legal Services Branch 777 Bay Street 11 th Floor Toronto ON M5G 2C8	Leslie Crawford Email: Leslie.Crawford@ontario.ca Copy to: Email: insolvency.unit@ontario.ca

<u>PARTY</u>	<u>CONTACT</u>
<p>OREGON LIQUOR AND CANNABIS COMMISSION 9070 SE McLoughlin Boulevard Portland OR 97222-7355</p>	<p>Craig Prins, Executive Director (Interim) Tel: 503.872.5006 Email: Craig.Prins@oregon.gov</p> <p>Copy to: Email: marijuana.licensing@oregon.gov</p>

Email Service List:

MWasserman@osler.com; SIrving@osler.com; KEsaw@osler.com; FSuarezamaya@osler.com;
TSolomon@LLG-LLC.com; JLeonard@LLG-LLC.com; NGoldstein@ksvadvisory.com;
CVit@ksvadvisory.com; RJacobs@cassels.com; JBornstein@cassels.com;
ScottLSecord@gmail.com; HHayman@fwwlaw.com; Kenneth.Eiler7@gmail.com;
CriswellD@lanepowell.com; info@capitaltransferagency.com; info@odysseytrust.com;
Edmond.Lamek@dlapiper.com; Robert.Fonn@dlapiper.com; SMS@bobsledextracts.com;
Jerry@tozmoz.com; Allison@lotuslawgroup.com; sgraff@airdberlis.com;
mspence@airdberlis.com; tdolny@airdberlis.com; Daniel.Shouldice@mcmillan.ca;
MikejGeno@gmail.com; William@ws3consulting.com; DNoonan@wealthbuilding.ca;
RickM@roguevp.com; CaseySteele@aol.com; Edward.Park@justice.gc.ca; AGC-PGC.Toronto-Tax-Fiscal@justice.gc.ca;
Leslie.Crawford@ontario.ca; insolvency.unit@ontario.ca;
Craig.Prins@oregon.gov; marijuana.licensing@oregon.gov

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ACT* R.S.C. 1985, c. C-36, AS AMENDED

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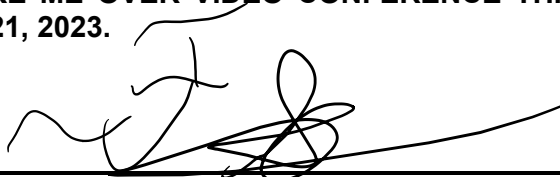
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TAB E

THIS IS EXHIBIT "E" REFERRED TO IN THE
AFFIDAVIT OF SCOTT SECORD, SWORN
BEFORE ME OVER VIDEO CONFERENCE THIS
JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits



SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: CV-23-00699872-00CL DATE: June 1, 2023

NO. ON LIST: 5

TITLE OF PROCEEDING: **IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.**

BEFORE **MADAM JUSTICE KIMMEL**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
Shawn Irving Kathryn Esaw Fabian Suarez-Amaya	Canadian Counsel for the Applicant, Chalice Brands Ltd.	sirving@osler.com kesaw@osler.com fsuarezamaya@osler.com

For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Jeremy Bornstein	Counsel for the Monitor	jbornstein@cassels.com

ENDORSEMENT OF JUSTICE KIMMEL :**Background – As Described in the Applicant’s Factum on this Motion**

1. The Applicant, Chalice Brands Ltd. ("Chalice" or the "Applicant"), together with its direct and indirect subsidiaries (together, the "Chalice Group") forms a vertically integrated cannabis company operating primarily in the regulated adult-use market of Oregon. The Applicant is the ultimate parent of the Chalice Group.
2. On May 23, 2023, the Applicant was granted protection under the Companies' Creditors Arrangement Act 2 (the "CCAA") pursuant to an Initial Order (the "Initial Order") of this court. The stay of proceedings in the Initial Order was extended in favour of the direct and indirect subsidiaries of the Applicant (the "Non-Filing Affiliates"). KSV Restructuring Inc. was appointed as monitor within these CCAA proceedings (the "Monitor").
3. On the same day, certain of the Non-Filing Affiliates (the "Oregon Receivership Entities") were placed into receivership in the State of Oregon by order of the Circuit Court of the State of Oregon (the "Oregon Court" and the "Oregon Receivership"). Kenneth S. Eiler was appointed as receiver over the Oregon Receivership Entities (the "Oregon Receiver").
4. The Applicant, with the assistance of the Monitor, intends to work in a coordinated fashion with the Oregon Receiver to operate the business of the Chalice Group while it seeks to achieve a going concern transaction.
5. The stay of proceedings in the Initial Order was granted until June 2, 2023 and a come-back hearing was scheduled for today.
6. The background leading up to the Chalice Groups filing for CCAA protection on May 23, 2023, including the reason for the Oregon Receivership, is detailed in the court’s May 26, 2023 Reasons at: *Re Chalice Brands Ltd.*, 2023 ONSC 3174.
7. The court was directed to a point of clarification, in that there are five key employees who, contrary to the previous information provided, are employed by the Applicant.
8. The Monitor is satisfied with the breadth of the service list. All parties on it, including the Applicant’s creditors, the Oregon regulator and other stakeholders, were served with notice of this motion and no party has indicated any opposition to the orders sought.

The Orders Sought

9. The Applicant seeks an Amended and Restated Initial Order (the "ARIO"). The ARIO would, among other things:
 - a. authorize the engagement between the Applicant and Cardinal Advisory Services Inc. ("Cardinal Advisory"), pursuant to which Cardinal Advisory will act as the Chief Restructuring Officer (the "CRO") of the Chalice Group through the services of Scott Secord;
 - b. increase the Administration Charge by \$100,000, up to a maximum amount of \$500,000, to reflect the success fee provided under the engagement letter between the Applicant and Cardinal Advisory (the "CRO Engagement Letter"), which is payable upon the occurrence of a sale, transfer, or assumption, on a going concern basis, of all or substantially all of the Chalice Group's operations and assets;
 - c. grant the Applicant relief from certain securities disclosure and shareholder meeting requirements (the "Securities Relief", as defined more fully below); and
 - d. extend the stay of proceedings to July 28, 2023.
10. In addition, the Applicant also seeks an order (the "CCAA Court SISP Approval Order") approving an expedited sales and investment solicitation process (the "SISP"), soliciting transactions for the acquisition of or investment in all or substantially all of the property or the business of the Chalice

Group. The SISP will take place over approximately 30 days, with an outside transaction closing deadline of July 20, 2023. This accelerated timeline is necessary due to the dire financial situation of the Chalice Group.

11. The Monitor supports and recommends both proposed orders.

The ARIO

12. The proposed additions to the Initial Order are for the most party standard. The request to extend the stay of proceedings to July 28, 2023 and various other changes are all consistent with the Applicant's plan to look for a going concern transaction within the period in which the company is projected to have sufficient cash flow to do so, with the benefit of the breathing room that the stay affords. The additional authorizations that have been incorporated into the ARIO are in furtherance of the restructuring efforts.
13. The Authority for the stay extension and the other proposed amendments to the Initial Order in the ARIO can be found in s. 11 of the CCAA.

Appointment of Restructuring Officer

14. The engagement of a chief restructuring officer is appropriate where the proposed chief restructuring officer has expertise that will assist the Applicant and the Monitor in achieving the objectives of the CCAA. See *Walter Energy Canada Holdings, Inc., Re*, 2016 BCSC 107 at para 35; see also *Boreal Capital Partners Ltd. et al, Re*, 2021 ONSC 7802 at para 31. The experience and skills of a restructuring professional can be key to maximizing the value of a CCAA applicant's business and assets. For example, the appointment of a chief restructuring officer has been justified to "ensure that the SISP will be implemented by professionals who will enhance the likelihood that it generates maximum value for [...] stakeholders."(*Walter*, at para. 31).
15. Chief restructuring officers with background and knowledge of the company's affairs and business operations have been found to not only be appropriate, but essential, to the restructuring efforts. See *Re 8449522 Canada Inc.*, 2013 ONSC 6167, at paras. 48; also paras. 17, and 32; see also *Boreal*, at para 32; *Victorian Order of Nurses for Canada, Re*, 2015 ONSC 7371, at para 27.
16. The court is satisfied that the CRO possesses these characteristics. Mr. Secord has served on the Applicant's board for over three years and has developed familiarity with the Applicant's business, operations, and financial affairs. Moreover, Mr. Secord has prior restructuring experience, including experience acting as a chief restructuring officer, and has already been acting as CRO for the Applicant through Cardinal Advisory. Mr. Secord's experience and industry knowledge make him well-positioned to lead the Chalice Group through the restructuring process and into the proposed SISP. The Monitor recommends the appointment of the CRO and considers the success fee to be reasonable.
17. The ARIO also provides certain protections for the CRO similar to those granted to chief restructuring officers in other CCAA proceedings. CCAA courts have emphasized the importance of providing such protections to ensure that qualified professionals consent to take on such roles and provide necessary expertise in restructuring proceedings. *Collins & Aikman Automotive Canada Inc, Re.*, 2007 CanLII 45908 (Ont SCJ), at para. 23 and paras. 133-138; *ICR Commercial Real Estate (Regina) Ltd v. Bricore Land Group Ltd.*, 2007 SKQB 12,1 at para. 19, aff'd on this point 2007 SKCA 72 at paras 75-77.
18. The appointment of the CRO and related protective provisions in the ARIO (some of which include Mr. Secord personally in addition to the company through which he operates) are appropriate and are approved.

Increased Administrative Charge

19. The Applicant asks this Court to approve the fees and expenses contemplated under the CRO Engagement Letter and to increase the Administration Charge to a maximum amount of \$500,000. The proposed increase in the Administration Charge reflects the \$100,000 success fee provided under the

CRO Engagement Letter, which is only payable upon the occurrence of a sale, transfer, or assumption, on a going concern basis, of all or substantially all of the Chalice Groups operations and assets.

20. The ARIO provides for the inclusion of the CRO's success fee in the Administration Charge and a corresponding increase in the size of the charge. The CRO's monthly fees to the end of the stay period have already been paid (in accordance with what the CRO Engagement Letter provides for) quarterly, in advance.
21. Pursuant to s. 11.52 of the CCAA, this Court has authority to order a charge over the assets of a debtor company in an amount that the Court considers appropriate in respect of the fees and expenses of "any financial, legal or other experts engaged by the company for the purposes of proceedings under this Act." This would include the CRO, whose expertise will complement and support the Applicant's restructuring efforts.
22. The increased Administrative Charge flows from the court's approval of the appointment of the CRO pursuant to the CRO Engagement Letter and it is approved on that basis.

Relief from Reporting and other Statutory/Regulatory Obligations

23. The court has the authority under s. 11 of the CCAA to grant the Applicant relief from securities, regulatory and other reporting and disclosure and statutory requirements that would detract from its restructuring efforts. CCAA courts have held that stakeholders will not be prejudiced by such relief where, as here, detailed financial and operational information of the Applicant will be publicly available on the Monitor's website and available to all stakeholders. SEE *MPX International Corporation Re*, 2022 ONSC 4555, at para. 7.
24. The proposed language in the ARIO respecting the Securities Relief is consistent with similar provisions recently approved by this Court and the Ontario Securities Commission in the matter of a plan of compromise or arrangement of *Magna Gold Corp.*, Court File No. CV-23-00696874- 00CL (SCJ).
25. A similar rationale is applied to the Applicant's request to be relieved of its obligation to call an annual general meeting. This has been done in other cases. See *MPX International Corporation*, 2022 ONSC 4348, at para 72; and *Re Canwest Global Communications Corp.*, 2009 CanLII 55114 (Ont SCJ), at paras. 53 and 54.

SISP Approval

26. The SISP will be conducted by the Applicant and builds in extensive consultation with, and approval and consent rights to, both the Monitor and the Oregon Receiver. Concurrent SISP approval and proposed sale approval hearings will be held in both the CCAA Court and the Oregon Court to respect the integrity of both insolvency proceedings. The CRO would be empowered to act for the Applicant during the SISP.
27. Given the Applicant's significant liquidity constraints, the implementation of an accelerated SISP, with the consent of both the Monitor and the Oregon Receiver, is the best option to preserve the Chalice Group's business and assets while maximizing potential value for stakeholders. The Applicant's cash flow forecast simply does not support a longer staged process. However, the Applicant, the CRO, the Monitor and the Oregon Receiver are all satisfied that the SISP that they have developed will afford an opportunity for interested prospective purchasers to meaningfully participate in it. The marketing and solicitation efforts will be focused on prospective purchasers who are already in, or who have been identified as having an interest in being in, the Oregon cannabis market.
28. Subject to court approval in both jurisdictions, the SISP will be carried out by the Applicant with assistance from the CRO, the Monitor and the Oregon Receiver on an expedited basis in a single phase process that will span approximately 30 days. It will commence on Monday June 5, 2023, after the anticipated approval by the Oregon court, which, if granted after the scheduled hearing before the

Oregon Court on the afternoon of June 2, 2023 (pacific time), will be after the close of markets and normal business hours in Toronto (eastern time).

29. The Court may exercise its statutory discretion under s. 11 of the CCAA to approve a sale and investment solicitation process that is fair and reasonable. There are precedents for similarly expedited sales processes in real time insolvency matters. See *Arrangement relatif à Xebec Adsorption Inc.*, 2022 QCCS 3888 at para 12; *Re Port Capital Development (EV) Inc.*, 2022 BCSC 1464 at para 56; *Re Feronia Inc.*, 2020 BCSC 1372, at para 45; *In the matter of a plan of compromise or arrangement of Nexient Learning Inc.*
30. The factors to be considered in approving a SISP come from s. 36 of the CCAA and are often cited to in *Re Nortel Networks Corp.*, 2009 CanLII 39492 (SCJ), at para 49. In this case the following factors support the approval of the SISP:
 - a. A sale or investment transaction is warranted at this time in light of the Applicant's liquidity crisis and lack of funds to continue operating through a longer sale process;
 - b. There is no better viable alternative to the SISP. given the Chalice Group's dire financial circumstances;
 - c. The SISP is reasonable and fair in the circumstances and has the checks and balances of the oversight and need for consent and approval from both the Monitor and the Oregon Receiver, as well as the CCAA Court and the Oregon Court;
 - d. The SISP will benefit the whole "economic community" if it succeeds in identifying a going concern transaction before the Applicant runs out of cash to continue its operations;
 - e. The SISP was developed in consultation with the Monitor and the Oregon Receiver; and
 - f. The Monitor supports the approval of the SISP.
31. The SISP is approved.

Orders

32. The Amended and Restated Initial Order and the SISP Approval Order shall issue in the forms signed by me today.
33. A hearing has been scheduled for 90 minutes on July 19, 2023 (currently set to commence at 11:30 a.m.) to consider any sale transaction that might arise from the SISP, and/or any other relief that the Applicant may wish to seek at that time.



KIMMEL J.

TAB F

THIS IS EXHIBIT "F" REFERRED TO IN THE
AFFIDAVIT OF SCOTT SECORD, SWORN
BEFORE ME OVER VIDEO CONFERENCE THIS
JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits



Court File No. CV-23-00699872-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM) THURSDAY, THE 1ST
)
JUSTICE KIMMEL) DAY OF JUNE, 2023

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

SISP APPROVAL ORDER

THIS MOTION, made by Chalice Brands Ltd. (the "**Applicant**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order, among other things, approving the proposed sale and solicitation process, was heard this day by videoconference via Zoom in Toronto, Ontario.

ON READING the affidavit of Scott Secord sworn May 26, 2023 and the Exhibits thereto the "**Secord Affidavit**"), the First Report of the KSV Restructuring Inc. ("**KSV**"), in its capacity as monitor of the Applicant (the "**Monitor**"), dated May 30, 2023 and on hearing the submissions of counsel for the Applicant, counsel for the Monitor and those other parties listed on the Counsel Slip, no one else appearing although duly served as appears from the Affidavit of Service of Emilie Dillon sworn May 29, 2023.

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that, unless otherwise defined, each capitalized term in this Order has the meaning given in the sale and investment solicitation process attached hereto as Schedule “A” (the “**SISP**”).

APPROVAL OF SALE AND INVESTMENT SOLICITATION PROCESS

3. **THIS COURT ORDERS** that the SISP (subject to any amendments thereto that may be made in accordance therewith and with this Order) be and is hereby approved.

4. **THIS COURT ORDERS** that the Applicant and the Monitor are authorized to immediately commence the SISP to solicit interest in the opportunity for a sale of or investment in all or part of the owned property, assets and undertaking of (i) the Applicant and (ii) subject to entry of an order of the Circuit Court of the State of Oregon approving the SISP (the “**Oregon SISP Order**”), Greenpoint Holdings Delaware Inc., Fifth and Root, Inc., Greenpoint Nevada Inc., Greenpoint Oregon, Inc., Greenpoint Workforce Inc., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC or CF Bliss LLC (together, the “**Chalice Group**”) and/or the Chalice Group’s business.

5. **THIS COURT ORDERS** that the Applicant, the Monitor, the Oregon Receiver and the Chief Restructuring Officer (the “**CRO**”), and their respective affiliates, partners, consultants, advisors, experts, accountants, counsel and agents (collectively, “**Assistants**”) are hereby authorized and directed to take any and all actions as may be necessary or desirable to implement and carry out the SISP in accordance with its terms and this Order and the Oregon SISP Order, as applicable.

6. **THIS COURT ORDERS** that the Applicant, the Monitor, the Oregon Receiver, the CRO, and their respective Assistants shall have no liability with respect to any and all losses, claims, damages or liabilities of any kind or nature to any person or entity as a result of implementing or otherwise in connection with the SISP, except to the extent that any such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Applicant, the Monitor, the Oregon Receiver or the CRO, as applicable, as determined by this Court.

7. **THIS COURT ORDERS** that in respect of the SISP, the Monitor shall have all of the benefits and protections granted to it under the CCAA, the ARIO and any other Order of this Court in this proceeding.

8. **THIS COURT ORDERS** that notwithstanding anything contained herein or in the SISP, the Monitor shall not take possession of the Property or be deemed to take possession of the Property, including pursuant to any provision of the Cannabis Legislation (as defined in the ARIO).

PROTECTION OF PERSONAL INFORMATION

9. **THIS COURT ORDERS** that, pursuant to section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Monitor, the Applicant, the Oregon Receiver, and the CRO are authorized and permitted to disclose personal information of identifiable individuals (“**Personal Information**”) to prospective bidders or offerors and to their advisors, including human resources and payroll information, records pertaining to the Chalice Group’s past and current employees, and information on specific customers, but only to the extent desired or required to negotiate or attempt to complete a transaction under the SISP. Each prospective bidder or offeror to whom any Personal Information is disclosed shall maintain and protect the privacy of such Personal Information with security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise be required by applicable federal or provincial legislation. Each prospective bidder or offeror to whom any Personal Information is disclosed shall also limit the use of such Personal Information to its participation in the SISP, and if it does not complete a sale, shall return all such information to the Applicant, the Monitor, or the Oregon Receiver, as applicable, or in the alternative destroy all such information and confirm same to the Applicant, the Monitor, or the Oregon Receiver. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the assets and/or business acquired pursuant to the sale in a manner which is in all material respects identical to the prior use of such information by the Chalice Group, and shall return all other personal information to the Applicant, the Monitor, or the Oregon Receiver, as applicable, or ensure that all other personal information is destroyed and confirm same to the Applicant, the Monitor, or the Oregon Receiver.

GENERAL

10. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation or application of this Order.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including but without limitation the Circuit Court of the State of Oregon, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

12. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that KSV is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having this proceeding recognized in a jurisdiction outside Canada.

13. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel may serve or distribute this Order, or any other materials and orders as may be reasonably required in this proceeding, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to prospective bidders, offerors or other interested parties and their advisors (if any). For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

14. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on June 1, 2023.

 Digitally signed by Jessica Kimmel
Date: 2023.06.01 20:43:41 -04'00'

Schedule "A"

[See attached]

SALE AND INVESTMENT SOLICITATION PROCESS

Introduction

On May 23, 2023, Chalice Brands Ltd. (the “**Applicant**” or the “**Company**”) sought and obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) and the proceedings commenced thereby, the “**CCAA Proceeding**”) from the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”).

Pursuant to the Initial Order, among other things: (i) KSV Restructuring Inc. was appointed as the Monitor in the Applicant’s CCAA Proceeding (in such capacity, the “**Monitor**”); and (ii) a stay of proceedings was granted over the Applicant and its subsidiaries (together, the “**Chalice Group**”).

Also on May 23, 2023, the Company obtained an order in the Circuit Court of the State of Oregon (the “**Oregon Court**”) granting the appointment of an Oregon state receiver (the “**Oregon Receiver**”) over certain of the Company’s wholly-owned subsidiaries; namely, Greenpoint Oregon, Inc.; Greenpoint Equipment Leasing, LLC; CFA Retail LLC; SMS Ventures LLC; and CF Bliss LLC (together, the “**Oregon Receivership Entities**” and such proceedings, the “**Oregon Receivership**”).

On June 1, 2023, the CCAA Court granted an amended and restated Initial Order under the CCAA, among other things: (i) extending the stay of proceedings to July 28, 2023; (ii) increasing the administration charge to a maximum amount of \$500,000; (iii) approving the engagement between the Applicant and Cardinal Advisory Services Inc. (“**Cardinal Advisory**”), pursuant to which Cardinal Advisory will act as the chief restructuring officer of the Company and its affiliates (the “**CRO**”) through the services of Scott Secord; (iv) relieving the Company from certain securities reporting obligations; and (v) relieving the Company from the obligation to call and hold an annual meeting of the Company’s shareholders.

On June 1, 2023, the CCAA Court granted an order under the CCAA and on June [2], 2023, the Oregon Court granted an order pursuant to Oregon Revised Statutes, among other things (and together, the “**SISP Approval Orders**”), authorizing the implementation of a sale and investment solicitation process on the terms set forth herein (the “**SISP**”) to solicit interest in and opportunities for a sale, or investment in, all or part of the Chalice Group’s, including the Oregon Receivership Entities’, property, assets and undertaking (the “**Property**”) and/or its business (the “**Business**”) (such transaction, a “**Transaction**”).¹

Opportunity

1. The SISP may result in one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicant as a going concern, or a sale of all, substantially all or one or more components of the Property and Business operations as a going concern or otherwise (the “**Opportunity**”).
2. Any sale of the Property or investment in the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Applicant or any of its subsidiaries, the CRO, the Monitor, the Oregon Receiver or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right,

¹ As regards Fifth and Root Inc., the sales process shall contemplate the sale of the securities of Fifth and Root Inc. held by members of the Chalice Group and such securities are included in the definition of “Property”.

title and interest of the Chalice Group in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to CCAA Court orders, except as otherwise provided in such CCAA Court orders and, as applicable and if the parties determine appropriate, any Oregon Court orders.

Key Dates

3. The key dates for the SISP are as follows, as such dates may be modified or extended in accordance with the terms of this SISP, or orders of the CCAA Court and the Oregon Court:

June 1, 2023	CCAA Court approval and commencement of the SISP
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June 2, 2023 at 5:30 p.m. (prevailing Eastern Time)	Oregon Court approval and commencement of the SISP
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June 5, 2023 at 5:00 p.m. (prevailing Eastern Time)	Deadline for Distribution of the Teaser Letter (as defined below)
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June 30, 2023 at 5:00 p.m. (prevailing Eastern Time)	Deadline for submission of Qualified Bids (as defined below)
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(“Bid Deadline”)

July 5, 2023 at 11:59 p.m. (prevailing Eastern Time)	Deadline for selection of the Successful Bid (as defined below)
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(“Successful Bid Selection Deadline”)

July 17, 2023 at 10:00 a.m. (prevailing Eastern Time) or such other time as the CCAA Court may advise	Hearing of the Sale Approval Motion (as defined below)
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(“CCAA Court Sale Approval Motion Date”)

July 17, 2023 at 10:00 a.m. (prevailing Pacific Time) or such other time as the Oregon Court may advise (“Oregon Court Sale Approval Motion Date”)	Hearing of the Oregon Court Sale Approval Motion (as defined below)
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July 27 2023, or such later date as may be agreed to by the Successful Bidder (as defined below) and the Applicant, with the consent of the Monitor and the Oregon Receiver (“Outside Date”)	Deadline for completion of the transaction(s) represented by the Successful Bid
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4. In the event that the SISP is approved by the CCAA Court or the Oregon Court after June 1, 2023 or June 2, 2023, as applicable, the key dates set out above will be revised to reflect

the commencement of the SISP being the date of the approval of the SISP by the CCAA Court or the Oregon Court, whichever is later, and the timeline shall be extended accordingly.

Solicitation of Interest

5. As soon as reasonably practicable following the issuance of the SISP Approval Orders the Applicant will (to the extent it has not already done so), with the consent of the Monitor and the Oregon Receiver:
 - (a) prepare an initial list of persons who may have an interest in the Opportunity (the “**Known Potential Bidders**”), including (i) parties that have communicated to the Applicant, the CRO, the Monitor or the Oregon Receiver an interest in the Opportunity, and (ii) strategic and financial parties in Canada, the United States or other jurisdictions that the Applicant, the CRO, the Monitor or the Oregon Receiver reasonably determine may be interested in the Opportunity;
 - (b) cause a notice of the SISP (and such other relevant information which the Applicant, with the approval of the Monitor and the Oregon Receiver, considers appropriate) to be published in the *Oregon Daily Journal of Commerce* and any other publication in Canada or the United States as the Applicant, with the consent of the Monitor and the Oregon Receiver, considers appropriate, if any; and
 - (c) prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicant, with the approval of the Monitor and the Oregon Receiver (the “**NDA**”), which, together with the Teaser Letter, shall, commencing on the first business day following the date on which the later of the SISP Approval Orders are granted, be distributed to Known Potential Bidders and to any party that requests same from the Applicant as soon as possible following such request.

Qualified Bidders

6. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must deliver to the Monitor at the address specified in Appendix “A” (including by email):
 - (a) an executed NDA, which will enure to the benefit of any Successful Bidder at Closing (as defined below); and
 - (b) written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, and financial disclosure sufficient to allow the Applicant, with the approval of the Monitor and the Oregon Receiver, to make a reasonable determination as to the Potential Bidder’s financial and other capabilities to consummate a Transaction pursuant to a Qualified Bid.
7. A Potential Bidder that (i) has satisfied the requirements set out in paragraph 6, and (ii) the Applicant, with the consent of the Monitor and the Oregon Receiver, has determined is likely (based on the availability of financing, experience and other considerations) to be

able to consummate a Transaction pursuant to a Qualified Bid offer, may be deemed to be a “**Qualified Bidder**”.

8. At any time during the SISP, the Applicant may make a motion to the CCAA Court and the Oregon Court requesting approval to eliminate a Qualified Bidder from the SISP, and where such orders are granted such bidder will be eliminated from the SISP and will no longer be a “Qualified Bidder” for the purposes of the SISP.
9. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and evaluation of a potential Transaction.

Due Diligence

10. The Applicant, with the consent of the Monitor and the Oregon Receiver, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Property and Business as they may deem appropriate.
11. Due diligence access may include management presentations, access to any electronic data room (“**Data Room**”) and other matters which a Qualified Bidder may reasonably request and as to which the Applicant may agree, with the consent of the Monitor and the Oregon Receiver.
12. The Monitor shall coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders. All due diligence and information requests must be directed to Eli Brenner, KSV Restructuring Inc. at ebrenner@ksvadvisory.com or 416-932-6028.
13. Neither the Applicant, nor the Monitor, nor the Oregon Receiver will be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders.
14. The Applicant, the Monitor and the Oregon Receiver reserve the right to limit any Qualified Bidder’s access to any confidential information (including any information in any Data Room) and to creditors, customers, landlords, suppliers or other stakeholders of the Chalice Group, where, in the opinion of the Applicant, the Monitor or the Oregon Receiver, such access could negatively impact the SISP, the ability to maintain the confidentiality of the Chalice Group’s confidential or competitive information, the Business, or the Property. For the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Applicant, the Monitor or the Oregon Receiver determine such information to represent proprietary or sensitive competitive information.

Receipt of Qualified Bids

15. A Qualified Bidder that wishes to make a formal binding proposal to acquire all, substantially all, or a portion of the Property, or make an investment in, restructure, reorganize or refinance the Business/the Chalice Group, must deliver a binding bid to the Monitor at the address specified in Appendix “A” (including by email), so as to be received not later than the Bid Deadline.

16. Subject to paragraph 20, a bid so submitted will be considered a qualified Bid (a “**Qualified Bid**”) only if it complies with all of the following requirements:
- (a) Identification of Qualified Bidder. The bid identifies the Qualified Bidder and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated Transaction.
 - (b) Written Submission of Modified APA and Commitment to Close. The bid is submitted in the form of an executed mark-up of the template asset purchase agreement (each a “**Modified APA**”) reflecting such Qualified Bidder’s proposed changes to the template asset purchase agreement (together with a blackline of the Modified APA against the template asset purchase agreement), and a written and binding commitment to close on the terms and conditions set forth therein.
 - (c) Irrevocable. The bid includes a letter stating that the Qualified Bidder’s offer is irrevocable and open for acceptance until the earlier of (a) the date that the Property has been sold pursuant to the closing of the Transaction approved by the CCAA Court and the Oregon Court and (b) the Outside Date.
 - (d) Contingencies. The bid is not conditional on obtaining financing or any board of directors or similar governing body or equityholder approval or on the outcome or review of due diligence.
 - (e) Proof of Financial Ability to Perform. The bid contains written evidence upon which the Applicant, in consultation with the Monitor and the Oregon Receiver, may reasonably conclude that the Qualified Bidder has the necessary financial ability to close the contemplated Transaction and provide adequate assurance of future performance of all obligations to be assumed in such contemplated Transaction.
 - (f) Deposit. The bid is accompanied by a cash deposit, to be held by the Monitor in a non-interest bearing account in accordance with the terms hereof in an amount equal to at least ten percent (10%) of the purchase price or investment contemplated therein.
 - (g) Acknowledgments and Representations. The bid includes acknowledgements and representations of the Qualified Bidder that, in each case except as expressly stated in the definitive transaction agreement(s) signed by the Applicant, (i) it has had an opportunity to conduct any and all due diligence and it has relied solely upon its own independent review, investigation and/or inspection of any documents, the Business and/or the Property in making its bid (ii) it is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, made by any person or party, including the Applicant, the Monitor and the Oregon Receiver, and their respective employees, officers, directors, agents, advisors and other representatives, regarding the proposed transactions, this SISF, or any information provided in connection therewith; and (iii) it is making its bid on an “as is, where is” basis and without surviving representations or warranties of any kind by the Applicant, the Monitor or the Oregon Receiver or any of their respective employees, officers, directors, agents, advisors and other representatives.

- (h) Closing. The bid provides for Closing to occur no later than the Outside Date; and
 - (i) Deadline. The bid is received by the Bid Deadline.
17. Following the Bid Deadline, the Applicant, with the consent of the Monitor and the Oregon Receiver, will assess each bid submitted by a Qualified Bidder pursuant to paragraph 15 to determine whether they comply with the requirements set out in paragraph 16.
 18. The Applicant may, with the consent of the Monitor and the Oregon Receiver, aggregate separate non-overlapping bids from unaffiliated Qualified Bidders to create one “Qualified Bid”.

Evaluation of Competing Bids

19. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder.
20. The Applicant, with the consent of the Monitor, and the Oregon Receiver, may waive strict compliance with any one or more of the requirements specified above and deem any such non-compliant bid to be a Qualified Bid.
21. A Qualified Bid will be valued based upon numerous factors, including, without limitation, items such as the following, as applicable: purchase price or investment amount contemplated by the Qualified Bid, the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the identity, circumstances and ability of the Qualified Bidder to successfully complete such transaction(s), the proposed transaction documents, the effects of the bid on the stakeholders of the Chalice Group, factors affecting the speed, certainty and value of the transaction (including any regulatory or legal approvals or third party contractual arrangements required to close the transactions), the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, each as determined by the Applicant, with the consent of the Monitor and the Oregon Receiver.

Selection of Successful Bid

22. Prior to the Successful Bid Selection Deadline, the Applicant, with the consent of the Monitor and the Oregon Receiver, will: (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Applicant, with the consent of the Monitor and the Oregon Receiver, and the applicable Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and (b) identify the highest or otherwise best bid (the “**Successful Bid**”, and the Qualified Bidder making such Successful Bid, the “**Successful Bidder**”) for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Applicant, with the consent of the Monitor and the Oregon Receiver, shall be subject to approval by the CCAA Court and the Oregon Court.
23. The Applicant shall have no obligation to enter into a Successful Bid, and reserves the right, with the consent of the Monitor and the Oregon Receiver, to reject any or all Qualified Bid(s).

Sale Approval Motion Hearing

24. The hearing of the motion pursuant to the CCAA for the CCAA Court to approve any transaction with a Successful Bidder (the “**Sale Approval Motion**”) shall take place on the CCAA Court Sale Approval Motion Date.
25. As part of the Sale Approval Motion, the Applicant shall seek, among other things, approval from the CCAA Court to consummate any Successful Bid.
26. The Applicant shall seek to coordinate the Sale Approval Motion with a similar or analogous motion before the Oregon Court in the Oregon Receivership proceedings (the “**Oregon Court Sale Approval Motion**”) which shall take place on the Oregon Court Sale Approval Motion Date.
27. As part of the Oregon Court Sale Approval Motion, the Oregon Receiver shall seek, among other things, approval from the Oregon Court to consummate any Successful Bid.
28. All Qualified Bids, other than the Successful Bid, if any, shall be deemed rejected by the Applicant on and as of the date of approval of the Successful Bid by the CCAA Court and the Oregon Court.

Closing the Successful Bid

29. The Chalice Group and the Successful Bidder shall take all reasonable steps to complete the transaction(s) contemplated by the Successful Bid as soon as possible after the Successful Bid is approved by the CCAA Court and the Oregon Court (“**Closing**”).

Confidentiality, Stakeholder/Bidder Communication and Access to Information

30. All discussions regarding any bid or Transaction contemplated herein should be directed through the Monitor, unless otherwise directed by the Monitor. Under no circumstances should the management of the Applicant or any creditor, customer, landlord supplier or other stakeholder of the Applicant be contacted or communicated with directly without the prior consent of the Monitor; provided, however, that the CRO and the Oregon Receiver may be so contacted or communicated with. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISF process. For greater certainty, nothing herein shall preclude a person from contacting potential bidders, with the agreement of the Monitor and the Oregon Receiver, to advise that the Applicant has commenced a SISF and that they should contact the Monitor if they are interested.
31. If it is determined by the Applicant, with the consent of the Monitor and the Oregon Receiver, that it would be worthwhile to facilitate a discussion between a Qualified Bidder and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such bidder, the Applicant with the consent of the Monitor and the Oregon Receiver may provide such bidder with the opportunity to meet with the relevant stakeholder or third party to discuss such condition or potential condition, with a view to enabling such bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communication will take place on terms and conditions considered appropriate by the Applicant, with the consent of the Monitor and the Oregon Receiver. The Monitor and the Oregon Receiver

must be provided with the opportunity to be present at all such communications or meetings.

General

32. Unless otherwise provided for herein, the CRO shall be deemed to be acting for and on behalf of the Applicant and is fully authorized and empowered to take any and all actions and steps for and on behalf of the Applicant pursuant to the SISP.
33. The Monitor will oversee, in all respects, the conduct of the SISP by the Applicant. Without limitation to that supervisory role, the Monitor and the Oregon Receiver will participate in the SISP in the manner set out herein and in the SISP Approval Orders, and is entitled to receive all information in relation to the SISP.
34. If there is a Successful Bid, the applicable deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Sale Approval Motion and Oregon Court Sale Approval Motion will be applied to the purchase price or other consideration to be paid or investment amount to be made by the Successful Bidder, as applicable, upon closing of the approved transaction and will be non-refundable. Any deposit delivered with a Qualified Bid that is not selected as a Successful Bid will be returned to the applicable bidder as soon as reasonably practicable (but not later than ten (10) business days) after the date upon which the Successful Bid is at the Sale Approval Motion and Oregon Court Sale Approval Motion or such earlier date as may be determined by the Applicant, with the consent of the Monitor and the Oregon Receiver.
35. If a Successful Bidder breaches its obligations under the terms of the SISP, its deposit shall be forfeited as liquidated damages and not as a penalty.
36. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between any member of the Chalice Group and any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Applicant.
37. Without limiting the preceding paragraph, the Applicant, the Monitor, the CRO and the Oregon Receiver shall not have any liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder, as a result of implementation or otherwise in connection with this SISP, except to the extent that any such liabilities result from the gross negligence or wilful misconduct of the Applicant, the Monitor, the CRO or the Oregon Receiver, as applicable, as determined by the CCAA Court. Further, no person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder shall have any claim against the Applicant, the Monitor, the CRO or Oregon Receiver in respect of the SISP for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct by the Applicant, the Monitor, the CRO or the Oregon Receiver, as applicable, as determined by the CCAA Court.
38. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with their participation in the SISP, including submission of any bid, due diligence activities, completion of a Successful Bid and any negotiations or other actions whether or not they lead to the consummation of a transaction.

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39. The Applicant shall have the right to modify the SISP (including, without limitation, to extend the Bid Deadline or any other deadline) with the prior written approval of the Monitor and the Oregon Receiver if, in the Monitor's reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that, all Potential Bidders remaining in the SISP at the applicable time shall be advised of any substantive modification to the procedures set forth herein.
40. All bidders shall be deemed to have consented to the jurisdiction of the CCAA Court in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and Closing, as applicable.
41. For the avoidance of doubt, any approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or the Oregon Court, or any other statute or as otherwise required at law in order to implement a Successful Bid.

* * * * *

APPENDIX "A"

KSV Restructuring Inc., LIT,
Monitor of Chalice Brands Ltd.
150 King Street West, Suite 2308
Toronto ON M5H 1J9
Attention: Eli Brenner
Email: ebrenner@ksvadvisory.com

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

SISP Approval Order

OSLER, HOSKIN & HARCOURT, LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Marc Wasserman (LSO# 44066M)
Tel: 416.862.4908
mwasserman@osler.com

Shawn Irving (LSO# 50035U)
Tel: 416.862.4733
sirving@osler.com

Kathryn Esaw (LSO# 58264F)
Tel: 416.862.4905
kesaw@osler.com

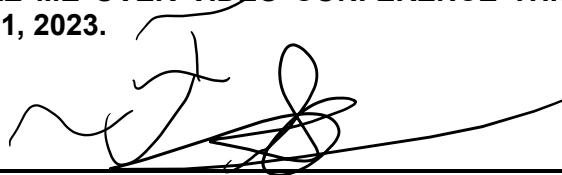
Fabian Suárez-Amaya (LSO# 80301W)
Tel: 416.862.6416
fsuarezamaya@osler.com

Fax: 416.862.6666

Lawyers for the Applicant

TAB G

THIS IS EXHIBIT "G" REFERRED TO IN THE
AFFIDAVIT OF SCOTT SECORD, SWORN
BEFORE ME OVER VIDEO CONFERENCE THIS
JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits

CGJ

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
IN AND FOR THE COUNTY OF MULTNOMAH

CHALICE BRANDS, LTD., a Canadian corporation,

Plaintiff,

v.

GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company,

Defendants.

Case No. _____

STIPULATED ORDER APPOINTING RECEIVER

The Court, after having reviewed the Stipulated Motion for Appointment of Receiver and supporting Declarations of Kenneth Eiler and Scott Secord, and after considering additional argument or submissions by Plaintiff or Defendants, if any, and otherwise being fully informed, and good cause appearing therefor, makes the following findings:

A. The Defendants are insolvent or are in imminent danger of insolvency. The businesses, assets or property of each of the Defendants, including but not limited to all tangible and intangible personal property of each Defendant, wherever located, including inventory,

1 rents, profits, licenses, accounts, intellectual property, interests, claims, and all other property
2 proceeds thereof (collectively, the “**Property**”), are in danger of being lost or materially injured
3 or impaired as a result of, among other things, the Defendants’ alleged defaults under certain
4 agreements, and failure to pay the balances due and owing to creditors, including the Plaintiff
5 herein, vendors, landlords, lenders, and others (some of which, whether creditors or not, have
6 threatened to exercise alleged self-help remedies by taking possession of the Defendants’
7 Property). Receivership is necessary and appropriate to protect the Property and to conserve and
8 protect the interests of the Defendants’ stockholders, members, partners or creditors.

9 B. As a result of the foregoing, the appointment of a Receiver pursuant to Oregon
10 Revised Statutes (“**ORS**”), including 37.060(1)(a), (g), and/or (i) is necessary and appropriate to
11 manage and protect the Property.

12 C. Kenneth Eiler (the “**Receiver**”) is not interested in this action and is competent,
13 eligible and qualified to act as the Receiver.

14 D. Notice of the relief sought under this Order has been adequate and proper for the
15 circumstances of this case.

16 E. The powers and duties of the Receiver shall be as set forth in ORS Chapter 37,
17 except to the extent otherwise provided herein.

18 Based upon the foregoing, it is hereby **ORDERED** as follows:

19 1. **Appointment.** Subject to the terms of this Order, the Receiver is hereby
20 appointed as Receiver with exclusive possession, control and management over the Property,
21 together with all rights, entitlements, licenses, contracts, leases, interests, properties and
22 business affairs associated with and relating to each of the Defendants (collectively, the
23 “**Estates**”). During the Receivership, and until further order of the Court, the Estates and
24 Defendants’ respective Property, wherever located, shall remain under this Court’s jurisdiction
25 in accordance with ORS 37.100. The Receiver shall not be subject to the control of any of the
26 parties to this matter, but shall be subject only to the ORS and the Court’s direction in the

1 fulfillment of the Receiver's duties. The Estates and their respective Property and liabilities shall
2 not be substantively consolidated, and the Receiver shall continue to operate and account for
3 each of the Estates as a distinct entity.

4 **2. Bond and Oath.** The appointment of the Receiver as the Receiver is effective as
5 of the date of this order. A \$100,000 bond shall be required (the "**Bond**"). The Receiver shall
6 post such bond within 10 business days, and shall be authorized to obtain reimbursement for the
7 Bond from any or all of the Estates pursuant to ORS 37.090(4).

8 **3. Powers.** The Receiver shall have exclusive possession and control over the
9 Estates, with the power and authority to preserve, manage, protect, improve, and sell their
10 Property. The Receiver shall maintain, secure, and manage the Estates, review the books and
11 records of the Estates, investigate the operations and financial affairs of the Estates, and take
12 such other actions as may be deemed appropriate by the Receiver. The Receiver shall have all
13 other powers and rights of a receiver appointed under Oregon law, including, without limitation,
14 each and every one of the powers set forth under ORS 37.110(1)(a) through (s), together with the
15 following rights, powers and privileges:

16 (a) Collect, control, manage, conserve, construct, protect, and sell each Estates'
17 Property;

18 (b) Enter into agreements on behalf of the Defendants, and renegotiate, amend, or
19 modify any existing agreements in which the Defendants are parties;

20 (c) Manage, collect, and control any insurance claim and/or any related insurance
21 proceeds arising from or in connection with the Estates;

22 (d) In the ordinary course of business, incur unsecured debt and pay expenses
23 incidental to the Receiver's preservation of each Estates' Property, utilizing the Defendants'
24 existing cash management systems if deemed advisable by the Receiver;

25 (e) Assert or continue to assert a right, claim, cause of action or defense of the
26 Defendants, or enter into any settlement related to the same;

1 (f) Seek and obtain instructions from the Court concerning each Estates' Property,
2 exercise of the Receiver's powers, and performance of the Receiver's duties;

3 (g) Operate the respective businesses of Defendants and use the proceeds from the
4 sale of inventory to pay operating expenses, purchase new inventory and pay for expenses of
5 administration of the receivership;

6 (h) On subpoena, compel a person to submit to examination under oath in the manner
7 of a deposition in a civil case, or to produce and permit inspection and copying of designated
8 records or tangible things, with respect to each Estates' Property or any other matter that may
9 affect administration of the Receivership;

10 (i) Obtain and review the Defendants' books and records;

11 (j) Obtain an accounting of the Defendants' accounts payable, accounts receivable,
12 income, debts, profits, losses, and all other financial affairs;

13 (k) Pay the Defendants' accounts payable debts as they become due, including
14 without limitation, utilities, operating expenses, repair, and construction costs;

15 (l) Collect the Defendants' accounts receivable, if any, as they become due;

16 (m) Engage and pay compensation to one or more professionals, including attorneys,
17 accountants, investigators, consultants, general contractors and any other persons or entities
18 deemed necessary by the Receiver to assist the Receiver in the discharge of the Receiver's duties
19 under this Order, with the costs of such services to be paid out of the Estates in the ordinary
20 course of business, subject to the requirements of Section 19 of this Order and ORS 37.310;

21 (n) Pay compensation to the Receiver;

22 (o) Take possession of existing or set up new bank accounts as described in Section 5
23 of this Order;

24 (p) Redirect mail to a location the Receiver has exclusive control of as described in
25 Section 23 of this Order; and

26

1 (q) Operate the Defendants' businesses pursuant to authority as provided under
2 Oregon Administrative Rule 845-025-1260; and

3 (r) Take any other actions that the Court deems reasonably necessary to avoid
4 injustice or waste.

5 **4. Duties of the Receiver:**

6 The Receiver shall comply with applicable law, including the provisions of ORS 37.120.

7 **5. Collection of Accounts Receivable, Profits, and Proceeds.** The Receiver shall
8 have the power to take all steps reasonably necessary to collect cash, accounts receivable, profits,
9 proceeds, rents, insurance proceeds, and other amounts due to the Estates from the sale of
10 inventory or otherwise and shall deposit those amounts into segregated accounts (the "**Bank**
11 **Accounts**"), if possible and considered advisable by the Receiver in its reasonable discretion.
12 The Receiver shall have the power to present for payment any checks, money orders, and other
13 forms of payment made payable to the Defendants or similar names, endorse the same, and
14 collect the proceeds thereof. The Receiver shall have the sole and exclusive authority to disburse
15 funds from the Bank Accounts. Any banks or credit unions at which Defendants maintain
16 accounts, including but not limited to Salal Credit Union, shall comply with the Receiver's
17 instructions concerning the Bank Accounts and the use and/or disposition of the funds therein.
18 The Receiver is authorized to continue using existing bank accounts of Defendants at Salal Credit
19 Union or any other financial institution.

20 (a) **Possession of Estates.** The Receiver may take and keep possession of the Estates
21 during the pendency of this action.

22 (b) **Management of Estates.** The Receiver shall manage, operate, and maintain and, if
23 applicable, improve the Estates subject to such rules and conditions as the Receiver may establish
24 to ensure that profits and rents are profitably preserved and to reasonably ensure that the value of
25 the Estates are not diminished. The Receiver shall not be personally liable in connection with
26 such Property, or for any damage to the same, whether now known or later discovered, except if

1 its conduct falls under the circumstances set forth in ORS 37.300 (the “**Limitation of Liability**
2 **Exceptions**”).

3 (c) **Licenses and Permits.** The Receiver may acquire, keep, or renew all governmental
4 licenses, permits, or other authorizations, in the names of the Defendants, pertaining to the
5 Estates or any business associated therewith and to do all other things necessary or appropriate to
6 maintain and protect the Estates. Without limiting the foregoing, the Receiver may obtain any
7 necessary temporary approvals to operate the Defendants’ businesses pursuant to OAR 845-025-
8 1260.

9 **6. Operating Decisions.** In carrying out the Powers and Duties of the Receiver
10 described in paragraph 3 and 4, and subject to the limitations of such Powers and Duties of the
11 Receiver, the Receiver shall have the power to do all the things that Defendants might do in the
12 ordinary course of their operations of the businesses related to the Estates, and shall be entitled
13 to make operating decisions regarding the Estates, including, without limitation:

14 (a) Providing ordinary maintenance, repair, and security services for the Property and
15 extraordinary maintenance or repair services where required;

16 (b) Procuring goods and services for the Estates where necessary;

17 (c) Consulting with, or obtaining records of, existing employees of Defendants or
18 related parties regarding any business operations related to the Estates;

19 (d) Contracting with, or hiring, paying, directing, and discharging all persons deemed
20 necessary by the Receiver, in its sole discretion, for the operation and maintenance of the Estates;
21 and

22 (e) Engaging counsel, accountants, appraisers, auctioneers, brokers, contractors, or
23 other professionals, as deemed necessary by the Receiver, in its sole discretion, the reasonable
24 fees and expenses of whom shall be included and paid as expenses of the Receivership.

25 **7. Payment of Expenses.** The Receiver shall pay the operating expenses of the
26 respective Estates, including administrative costs, from the income generated by the Estates.

1 Each Estate shall be responsible for paying its own operating expenses. To the extent an Estate's
2 income is inadequate to pay its operating expenses, payment may be made from Receivership
3 Advances made in accordance with Section 14 below or from an advance from one Estate to
4 another Estate; provided, however, that the Receiver shall maintain accurate books and records
5 reflecting the amounts of any such inter-Estate advances. The Receiver shall similarly pay all
6 amounts necessary to maintain adequate property insurance and liability insurance on the
7 Estates. Payment of loan installments or fees, payroll, payroll taxes, rent, employee benefits,
8 utilities, insurance, taxes, accounts payable, landscaping, janitorial services, and maintenance
9 shall not require prior approval of the Court.

10 **8. No Obligation to Complete Tax Returns.** Notwithstanding any other provision
11 hereof, the Receiver shall be under no obligation to prepare, complete or file tax returns on behalf
12 of the Defendants. The Receiver shall furnish the Defendants with such access to books and
13 records within the Receiver's custody or control as reasonably may be necessary for the
14 Defendants to complete and file state and federal tax returns on their own behalf.

15 **9. Court Actions.** The Receiver may bring and prosecute actions to recover any
16 Property of the Estates that is in the possession of any third party.

17 **10. No Appraisal Required.** The Receiver has no duty to seek an independent
18 professional appraisal of any Property of the Estates.

19 **11. No Personal Liability/Indemnification.** Subject to the Limitation of Liability
20 Exceptions, no obligation incurred by the Receiver in the good faith performance of its duties in
21 accordance with the orders of this Court, whether pursuant to any contract, by reason of any tort,
22 or otherwise, shall be assessed against the Receiver. Rather, the recourse of any person or entity
23 to whom the Receiver becomes obligated in connection with the performance of its duties and
24 responsibilities shall be solely against the assets of the Estates. To the fullest extent allowed by
25 law, the Receiver and the Receiver's agents, attorneys, consultants and employees, shall be
26 immune from and shall be held harmless from and against any and all suits, liabilities, claims,

1 losses, lawsuits, judgments, and/or expenses, including but not limited to attorney fees, costs and
2 monetary damages, arising out of or related to, either directly or indirectly, his, her, its or their
3 performance of duties or obligations pursuant to the terms of this Order. Defendants will, to the
4 extent allowable by law, indemnify the Receiver, its owners, employees, contractors, attorneys
5 and agents against any and all claims related to the duties performed under this Order, except for
6 cases of willful misconduct or fraud as determined by this Court. The Receiver shall have no
7 obligation to advance its own funds to pay any costs and expenses of the Estates.

8 **12. No Obligation or Liability for Hazardous Materials.** Unless otherwise ordered
9 by the Court, the Receiver is not obligated to undertake, and will have no liability for any
10 remediation or cleanup with respect to hazardous materials presently existing under, on or about
11 Property of the Estates. The Receiver is authorized, in its sole discretion, to initiate
12 environmental due diligence, inspections, or other environmental monitoring it initiates, and
13 shall have no liability for any hazardous materials presently existing under, on or about Property
14 of the Estates.

15 **13. Limitations on Duties and Obligations.** The Receiver shall have no duties or
16 obligations except for duties and obligations specifically identified in this Order. Pursuant to ORS
17 37.110(2), upon proper notice and Court order, the powers and duties of the Receiver may be
18 expanded, modified, or limited at any time.

19 **14. Receivership Advances.** The Receiver may request advances from the Plaintiff in
20 such amounts as may be necessary to satisfy the costs and expenses of these receivership
21 proceedings (each, a “Receivership Advance”). The Plaintiff is not and shall not be required to
22 make or loan any Receivership Advance. The Receiver shall bear no individual obligation or
23 responsibility for repayment of any Receivership Advance. Any such Receivership Advance will
24 be secured by a first-priority lien on Estate property in favor of Plaintiff, subject to the lien in
25 favor of the Receiver and its professionals as set forth in Section 19, which shall be binding,
26 perfected, and enforceable without the necessity for any or further action by Plaintiff.

1 **15. Inventory of Estate Property; Notice to Creditors and Others.** No later than
2 60 days after the entry of this order, the Receiver shall file schedules of all known creditors of
3 each of the Estates, their last known addresses, the amount and nature of the claims, and an
4 inventory of Property of the Estates (except for legal claims) and serve the schedules and
5 inventory on all known creditors. The Receiver shall mail notice of these receivership
6 proceedings to all known creditors, which notice must be mailed no later than 30 days after the
7 date of appointment of the Receiver. The Receiver shall also give notice to federal and state
8 taxing authorities, consistent with ORS 37.120.

9 **16. Claims Process.** The Receiver shall not be required to administer a claims
10 process in these receivership proceedings at this time, but may elect to do so.

11 **17. Financial Reports.** The Receiver shall provide the Court, the parties or their
12 counsel, if applicable, with monthly reports on the operations and financial affairs of the Estates.
13 Each such report shall be due by the last day of the subsequent month, and shall include: (a) a
14 narrative summary of the Receiver's activities; (b) balance sheets; (c) statements of income and
15 expenses; (d) cash flow statements; (e) statements of accrued accounts receivable; and (f) a
16 statement of accounts payable of the Receiver, including professional fees. The Receiver's first
17 report shall be due by the last day of the month after his appointment. These requirements
18 replace any reporting requirements under ORS Chapters 60 or 37.

19 **18. Compensation of Receiver.** The Receiver's compensation during the course of
20 these receivership proceedings shall be \$450 per hour for the services of Kenneth Eiler.

21 **19. Reimbursement Procedure.** The Receiver is authorized to make payment for its
22 fees and costs, and for the fees and costs of its professionals, by filing a notice of intent to
23 compensate professionals and serving such notice, together with a reasonably detailed
24 description of the time periods, services and amount requested on the special notice list
25 maintained pursuant to ORS 37.160. If no party in interest objects to such accounting within 10
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1 calendar days of its filing and service, the fees and costs shall be deemed approved as being fully
2 and finally earned without further order or leave of the Court.

3 If a party objects, the party must serve a written objection on the Receiver stating the
4 nature and scope of the objection. Upon receipt of an objection, the Receiver and the objecting
5 party must first attempt to resolve the objection through negotiation. If the objection cannot be so
6 resolved, the objecting party may file its objection in Court within 30 days after the date of the
7 objection. Any objection not filed within 30 days after the date of service of the objection is
8 deemed waived. Only those portions of the fees, costs and expenses that are the subject of timely
9 objections will be withheld from payment until the objection is resolved, and all other portions of
10 the fees, costs and expenses will be deemed approved without further order or leave of the Court.
11 The approved fees and costs of the Receiver and its professionals shall be paid from the gross
12 receipts derived from the Estates and shall be a first priority lien on Property of the Estates with
13 priority over all others claiming an interest or lien upon Estate property.

14 **20. Notice.** The Receiver shall comply with the notice requirements of ORS 37.160
15 and 37.170 provided that, for good cause shown, the Receiver may request shortened time on any
16 motion.

17 **21. Further Instructions.** The Receiver may at any time apply to this Court for
18 further or other instructions or for modification of this Order or for further powers necessary to
19 enable the Receiver properly to perform its duties, or for termination of the Receiver's
20 appointment.

21 **22. Defendants' Obligations.** The Defendants and their officers, directors,
22 managers, members, employees, agents, affiliates, and other individuals exercising or claiming to
23 have the power to exercise control over the affairs of Defendants, as applicable, are directed to:

24 (a) cease and desist any operations on behalf of the Defendants except as otherwise
25 requested by the Receiver, notwithstanding the language herein, ordinary course of business
26 operations of the Defendants shall continue by the officers, directors, managers, members,

1 employees, agents, and affiliates of the Defendants, subject to supervision and/or control by the
2 Receiver;

3 (b) assist and cooperate fully with the Receiver in the administration of the Estates
4 and the discharge of the Receiver's duties, and comply with all orders of the Court;

5 (c) supply to the Receiver information necessary to enable the Receiver to Carry out
6 its duties set forth herein;

7 (d) submit to examination by the Receiver, or by any other person upon order of the
8 Court, under oath, concerning any matter relating to the Receiver's administration of the
9 Estates; and

10 (e) comply with all reasonable instructions of the Receiver in connection with its
11 duties.

12 **23. Other Parties' Obligations.** Defendants and their officers, directors, managers,
13 members, employees, agents, CPAs, affiliates, affiliates, representatives and contractors and
14 subcontractors, if any, and its employees, and all persons with actual or constructive knowledge
15 of this order and their agents and employees, as applicable, shall turn over to the Receiver:

16 (a) Possession of Property of the Estates, including all keys, and the records, books of
17 account, ledgers and all business records for Estate property, operating statements, and all other
18 records, documents, insurance policies and instruments of whatever kind and nature which relate
19 to the operation and control of any part of the Estates, wherever located and in whatever mode
20 maintained;

21 (b) All documents that constitute or pertain to licenses, permits or governmental
22 approvals relating to the Estates;

23 (c) All documents that constitute or pertain to insurance policies, whether currently
24 in effect or lapsed, that relate to the Estates;

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1 (d) All contracts for purchase or sale, leases and subleases, royalty agreements,
2 licenses, purchase orders, assignments, or other agreements of any kind, whether currently in
3 effect or lapsed, that relate to the Estates;

4 (e) Any other record, document, or information that may be needed by or requested
5 by the Receiver;

6 (f) All rents and profits derived from the Estates, wherever and in whatever mode
7 maintained.

8 **24. Receiver Directions Binding.** The Defendants' shareholders, officers, directors,
9 banks, credit unions, financial institutions, credit card processors, insurance agents or
10 underwriters, utility providers, vendors, suppliers, tradesmen, materialmen, service providers,
11 franchisors, taxing agencies, and all government agencies and departments are hereby ordered to
12 take direction from the Receiver regarding the licenses, permits, accounts, and contracts of
13 Defendants as they relate to the Estates. All licenses, permits, accounts, and contracts of
14 Defendants shall remain in full force and effect as they relate to any third party. The
15 commencement of this Receivership shall not form a basis for any third party to terminate, annul,
16 rescind, revoke, suspend, or otherwise frustrate the performance of any such license, permit,
17 account, or contract.

18 **25. Utilities.** Any utility company providing services for the benefit of any of the
19 Estates, including gas, electricity, water, sewer, trash collection, telephone, communications or
20 similar services, shall be prohibited from discontinuing service to the Estates based upon unpaid
21 bills incurred by Defendants. Further, such utilities shall transfer any deposits held by the utility
22 to the exclusive control of the Receiver and shall be prohibited from demanding that the Receiver
23 deposit additional funds in advance to maintain or secure such services.

24 **26. Mail.** The Receiver may direct that mail related to the Estates and their
25 businesses be re-directed to the Receiver.

26

1 **27. Insurance.** The Receiver shall determine upon taking possession of Property of
2 the Estates whether, in the Receiver's judgment, there is sufficient insurance coverage. With
3 respect to any insurance coverage in existence or obtained, the Receiver may be named as an
4 additional insured on the policies for the period of the Receivership. If sufficient insurance
5 coverage does not exist, the Receiver shall promptly notify the parties to this lawsuit and shall
6 have 30 calendar days to procure sufficient property and liability insurance on Estate property.
7 The Receiver shall not be responsible for claims arising from the lack of procurement or inability
8 to obtain insurance. The Receiver shall have sole authority to manage, collect, and control any
9 insurance claim and/or any related insurance proceeds.

10 **28. Use of Funds.** The Receiver shall pay only those bills that are reasonable and
11 necessary for the operation and protection of the Estates and shall allocate funds in the following
12 order of priority: Receiver fees and professional fees, the costs and expense of the Estates
13 including payroll (including indirect payroll obligations), utilities, insurance premiums, and
14 general and special taxes or assessments and accounts payable.

15 **29. Stay Against Actions or Proceedings.** The entry of this Order appointing the
16 Receiver shall operate as a stay, applicable to all persons, of all activities enumerated in ORS
17 37.220(1). Without limiting the foregoing, the stay shall apply to:

18 (a) the commencement or continuation, including the issuance or employment of
19 process, of a judicial, administrative, or other action or proceeding against any of the Estates that
20 was or could have been commenced before the entry of the order of appointment;

21 (b) the enforcement, against any Estate property, wherever located, of a judgment
22 obtained before the order of appointment;

23 (c) any act to obtain possession of any Estate property, wherever located, or to
24 interfere with, or exercise control over, such property, including but not limited to any licenses
25 owned by the Defendants and any real property leased by the Defendants;

26

1 (d) any act to create, perfect, or enforce any lien or claim against any Estate property,
2 wherever located, except by exercise of a right of setoff, to the extent that the lien secures a claim
3 that arose before the entry of the order of appointment; and

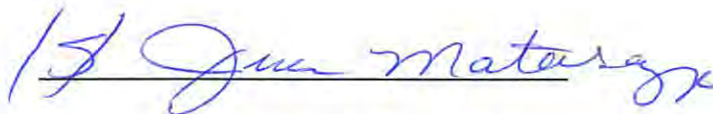
4 (e) any act to collect, assess, or recover a claim against any Property of the Estates,
5 wherever located, that arose before the entry of the order of appointment.

6 The stay shall remain in effect until the earlier to occur of (x) the termination of these
7 receivership proceedings, and (y) entry of an order terminating the stay.

8 **30. Termination of Receivership.** These receivership proceedings shall not be
9 terminated, and the rights and parties subject to this order shall remain in full force, until this
10 Court enters an order terminating these receivership proceedings. Upon discharge, the Court
11 shall also exonerate the Bond. The Receiver's discharge shall release the Receiver from any
12 further duties and responsibilities as Receiver.

13 **31. Jurisdiction.** This Court shall retain jurisdiction over any disputes arising from
14 the order of appointment, these receivership proceedings, or relating to the Receiver's actions
15 therein or to Property of the Estates, which jurisdiction shall be exclusive, and shall survive the
16 termination of this receivership.

17
18 **IT IS SO ORDERED**

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21 
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23 *S-23-23*

1 Presented By:

2 LEONARD LAW GROUP LLC

3 By: 
4

5 Timothy A. Solomon, OSB #072573
6 tsolomon@LLG-LLC.com
7 Attorneys for Plaintiff

8 SO STIPULATED:

9 FARLEIGH WADA WITT

10 By: 
11

12 Holly C. Hayman, OSB #114146
13 hhayman@fwwlaw.com

14 Attorneys for Defendants
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CERTIFICATE OF READINESS
(UTCRC 5.100(2))

This proposed order or judgment is ready for judicial signature because:

- Each opposing party affected by this order or judgment has stipulated to the order or judgment, as shown by each opposing party's signature on the document being submitted.
- Each opposing party affected by this order or judgment has approved the order or judgment, as shown by signature on the document being submitted or by written confirmation of approval sent to me.
- I have served a copy of this order or judgment on all parties entitled to service, and:
- No objection has been served on me.
- I received objections that I could not resolve with the opposing party despite reasonable efforts to do so. I have filed a copy of the objections I received and indicated which objections remain unresolved.
- After conferring about objections, [role and name of opposing party] agreed to independently file any remaining objection.
- The relief sought is against an opposing party who has been found in default.
- An order of default is being requested with this proposed judgment.
- Service is not required pursuant to subsection (3) of this rule, or by statute, rule, or otherwise.
- This is a proposed judgment that includes an award of punitive damages and notice has been served on the Director of the Crime Victims' Assistance Section as required by subsection (4) of this rule.

DATED: May 23, 2023



Timothy A. Solomon, OSB No. 072573
Attorney for Plaintiffs

TAB H

THIS IS EXHIBIT "H" REFERRED TO IN THE
AFFIDAVIT OF SCOTT SECORD, SWORN
BEFORE ME OVER VIDEO CONFERENCE THIS
JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

CHALICE BRANDS, LTD., a Canadian corporation,

Plaintiff,

v.

GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company,

Defendants.

Case No. 23CV20696

(PROPOSED) ORDER APPROVING BID PROCEDURES

(Judge David F. Rees)

This matter came before the Court on Receiver’s Motion for Approval of Bid Procedures (the “**Motion**”).¹ Based on the record herein and the Court having considered the record, the Motion, and having been fully advised in the premises,

IT IS HEREBY ORDERED as follows:

1. The Motion is granted.
2. The Bid Procedures, entitled Sale and Investment Solicitation Process (SISP) attached hereto as **Exhibit 1**, the terms of which are expressly incorporated herein and made a part of this Order, are hereby approved.

¹ Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Motion and/or the Bid Procedures, as applicable.

1 3. The Applicant, the Monitor, the Chief Restructuring Officer (the “CRO”), and the
2 Receiver, and their respective affiliates, partners, consultants, advisors, experts, accountants,
3 counsel and agents (collectively, “**Assistants**”) are hereby authorized and directed to take any and
4 all actions as may be necessary or desirable to implement and carry out the Bid Procedures in
5 accordance with its terms and this Order.

6 4. The Applicant, the Monitor, the Receiver, the CRO, and their respective Assistants
7 shall have no liability with respect to any and all losses, claims, damages or liabilities of any kind
8 or nature to any person or entity as a result of implementing or otherwise in connection with the
9 Bid Procedures, except to the extent that any such losses, claims, damages or liabilities result from
10 the gross negligence or willful misconduct of the Applicant, the Monitor, the Receiver or the CRO,
11 as applicable, as determined by this Court.

12 5. The Monitor, the Applicant, the CRO, and the Receiver are authorized and
13 permitted to disclose personal information of identifiable individuals (“**Personal Information**”)
14 to prospective bidders or offerors and to their advisors, including human resources and payroll
15 information, records pertaining to the Company’s past and current employees, and information on
16 specific customers, but only to the extent desired or required to negotiate or attempt to complete a
17 transaction under the Bid Procedures. Each prospective bidder or offeror to whom any Personal
18 Information is disclosed shall maintain and protect the privacy of such Personal Information with
19 security safeguards appropriate to the sensitivity of the Personal Information and as may otherwise
20 be required by applicable law. Each prospective bidder or offeror to whom any Personal
21 Information is disclosed shall also limit the use of such Personal Information to its participation in
22 the Bid Procedures, and if it does not complete a sale, shall return all such information to the
23 Applicant, the Monitor, or the Receiver, as applicable, or in the alternative destroy all such
24 information and confirm same to the Applicant, the Monitor, or the Receiver. The Successful
25 Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the
26 transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information
27 provided to it that is related to the assets and/or business acquired pursuant to the sale in a manner

1 which is in all material respects identical to the prior use of such information by the Company and
2 shall return all other personal information to the Applicant, the Monitor, or the Receiver, as
3 applicable, or ensure that all other personal information is destroyed and confirm same to the
4 Applicant, the Monitor, or the Receiver.

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Circuit Court Judge David F. Rees

Presented by:

David W. Criswell, OSB No. 925930
Andrew J. Geppert, OSB No. 203744
Telephone: 503.778.2100
Attorneys for Receiver

SALE AND INVESTMENT SOLICITATION PROCESS

Introduction

On May 23, 2023, Chalice Brands Ltd. (the “**Applicant**” or the “**Company**”) sought and obtained an initial order (the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) and the proceedings commenced thereby, the “**CCAA Proceedings**”) from the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”).

Pursuant to the Initial Order, among other things: (i) KSV Restructuring Inc. was appointed as the Monitor in the Applicant’s CCAA Proceedings (in such capacity, the “**Monitor**”); and (ii) a stay of proceedings was granted over the Applicant and its subsidiaries (together, the “**Chalice Group**”).

Also on May 23, 2023, the Company obtained an order in the Circuit Court of the State of Oregon (the “**Oregon Court**”) granting the appointment of an Oregon state receiver (the “**Oregon Receiver**”) over certain of the Company’s wholly-owned subsidiaries; namely, Greenpoint Oregon, Inc.; Greenpoint Equipment Leasing, LLC; CFA Retail LLC; SMS Ventures LLC; and CF Bliss LLC (together, the “**Oregon Receivership Entities**” and such proceedings, the “**Oregon Receivership**”).

On June 1, 2023, the CCAA Court granted an amended and restated Initial Order under the CCAA, among other things: (i) extending the stay of proceedings to July 28, 2023; (ii) increasing the administration charge to a maximum amount of \$500,000; (iii) approving the engagement between the Applicant and Cardinal Advisory Services Inc. (“**Cardinal Advisory**”), pursuant to which Cardinal Advisory will act as the chief restructuring officer of the Company and its affiliates (the “**CRO**”) through the services of Scott Secord; (iv) relieving the Company from certain securities reporting obligations; and (v) relieving the Company from the obligation to call and hold an annual meeting of the Company’s shareholders.

On June 1, 2023, the CCAA Court granted an order under the CCAA and on June [2], 2023, the Oregon Court granted an order pursuant to Oregon Revised Statutes, among other things (and together, the “**SISP Approval Orders**”), authorizing the implementation of a sale and investment solicitation process on the terms set forth herein (the “**SISP**”) to solicit interest in and opportunities for a sale, or investment in, all or part of the Chalice Group’s, including the Oregon Receivership Entities’, property, assets and undertaking (the “**Property**”) and/or its business (the “**Business**”) (such transaction, a “**Transaction**”).¹

Opportunity

1. The SISP may result in one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of the Applicant as a going concern, or a sale of all, substantially all or one or more components of the Property and Business operations as a going concern or otherwise (the “**Opportunity**”).
2. Any sale of the Property or investment in the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Applicant or any of its subsidiaries, the CRO, the Monitor, the Oregon Receiver or any

¹ As regards Fifth and Root Inc., the sales process shall contemplate the sale of the securities of Fifth and Root Inc. held by members of the Chalice Group and such securities are included in the definition of “Property”.

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of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Chalice Group in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to CCAA Court orders, except as otherwise provided in such CCAA Court orders and, as applicable and if the parties determine appropriate, any Oregon Court orders.

Key Dates

3. The key dates for the SISP are as follows, as such dates may be modified or extended in accordance with the terms of this SISP, or orders of the CCAA Court and the Oregon Court:

June 1, 2023	CCAA Court and Oregon Court approval and commencement of the SISP
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June 1, 2023 at 5:00 p.m. (prevailing Eastern Time)	Deadline for Distribution of the Teaser Letter (as defined below)
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June 26, 2023 at 5:00 p.m. (prevailing Eastern Time)	Deadline for submission of Qualified Bids (as defined below)
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(“Bid Deadline”)

June 30, 2023 at 11:59 p.m. (prevailing Eastern Time)	Deadline for selection of the Successful Bid (as defined below)
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(“Successful Bid Selection Deadline”)

July 10, 2023 at 10:00 a.m. (prevailing Eastern Time) or such other time as the CCAA Court may advise	Hearing of the Sale Approval Motion (as defined below)
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(“CCAA Court Sale Approval Motion Date”)

July 10, 2023 at 10:00 a.m. (prevailing Pacific Time) or such other time as the Oregon Court may advise (“Oregon Court Sale Approval Motion Date”)	Hearing of the Oregon Court Sale Approval Motion (as defined below)
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July 20 2023, or such later date as may be agreed to by the Successful Bidder (as defined below) and the Applicant, with the consent of the Monitor and the Oregon Receiver (“Outside Date”)	Deadline for completion of the transaction(s) represented by the Successful Bid
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4. In the event that the SISP is approved by the CCAA Court or the Oregon Court after June 1, 2023, the key dates set out above will be revised to reflect the commencement of the

SISP being the date of the approval of the SISP by the CCAA Court or the Oregon Court, whichever is later, and the timeline shall be extended accordingly.

Solicitation of Interest

5. As soon as reasonably practicable following the issuance of the SISP Approval Orders the Applicant will (to the extent it has not already done so), with the consent of the Monitor and the Oregon Receiver:
 - (a) prepare an initial list of persons who may have an interest in the Opportunity (the “**Known Potential Bidders**”), including (i) parties that have communicated to the Applicant, the CRO, the Monitor or the Oregon Receiver an interest in the Opportunity, and (ii) strategic and financial parties in Canada, the United States or other jurisdictions that the Applicant, the CRO, the Monitor or the Oregon Receiver reasonably determine may be interested in the Opportunity;
 - (b) cause a notice of the SISP (and such other relevant information which the Applicant, with the approval of the Monitor and the Oregon Receiver, considers appropriate) to be published in the *Oregon Daily Journal of Commerce* and any other publication in Canada or the United States as the Applicant, with the consent of the Monitor and the Oregon Receiver, considers appropriate, if any; and
 - (c) prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicant, with the approval of the Monitor and the Oregon Receiver (the “**NDA**”), which, together with the Teaser Letter, shall, commencing on the first business day following the date on which the later of the SISP Approval Orders are granted, be distributed to Known Potential Bidders and to any party that requests same from the Applicant as soon as possible following such request.

Qualified Bidders

6. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must deliver to the Monitor at the address specified in Appendix “A” (including by email):
 - (a) an executed NDA, which will enure to the benefit of any Successful Bidder at Closing (as defined below); and
 - (b) written confirmation of the identity of the Potential Bidder, the contact information for such Potential Bidder, and financial disclosure sufficient to allow the Applicant, with the approval of the Monitor and the Oregon Receiver, to make a reasonable determination as to the Potential Bidder’s financial and other capabilities to consummate a Transaction pursuant to a Qualified Bid.
7. A Potential Bidder that (i) has satisfied the requirements set out in paragraph 6, and (ii) the Applicant, with the consent of the Monitor and the Oregon Receiver, has determined is likely (based on the availability of financing, experience and other considerations) to be able to consummate a Transaction pursuant to a Qualified Bid offer, may be deemed to be a “**Qualified Bidder**”.

8. At any time during the SISP, the Applicant may make a motion to the CCAA Court and the Oregon Court requesting approval to eliminate a Qualified Bidder from the SISP, and where such orders are granted such bidder will be eliminated from the SISP and will no longer be a “Qualified Bidder” for the purposes of the SISP.
9. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and evaluation of a potential Transaction.

Due Diligence

10. The Applicant, with the consent of the Monitor and the Oregon Receiver, shall in their reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence materials and information relating to the Property and Business as they may deem appropriate.
11. Due diligence access may include management presentations, access to any electronic data room (“**Data Room**”) and other matters which a Qualified Bidder may reasonably request and as to which the Applicant may agree, with the consent of the Monitor and the Oregon Receiver.
12. The Monitor shall coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders. All due diligence and information requests must be directed to Eli Brenner, KSV Restructuring Inc. at ebrenner@ksvadvisory.com or 416-932-6028.
13. Neither the Applicant, nor the Monitor, nor the Oregon Receiver will be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders.
14. The Applicant, the Monitor and the Oregon Receiver reserve the right to limit any Qualified Bidder’s access to any confidential information (including any information in any Data Room) and to creditors, customers, landlords, suppliers or other stakeholders of the Chalice Group, where, in the opinion of the Applicant, the Monitor or the Oregon Receiver, such access could negatively impact the SISP, the ability to maintain the confidentiality of the Chalice Group’s confidential or competitive information, the Business, or the Property. For the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Applicant, the Monitor or the Oregon Receiver determine such information to represent proprietary or sensitive competitive information.

Receipt of Qualified Bids

15. A Qualified Bidder that wishes to make a formal binding proposal to acquire all, substantially all, or a portion of the Property, or make an investment in, restructure, reorganize or refinance the Business/the Chalice Group, must deliver a binding bid to the Monitor at the address specified in Appendix “A” (including by email), so as to be received not later than the Bid Deadline.
16. Subject to paragraph 20, a bid so submitted will be considered a qualified Bid (a “**Qualified Bid**”) only if it complies with all of the following requirements:

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- (a) Identification of Qualified Bidder. The bid identifies the Qualified Bidder and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated Transaction.
- (b) Written Submission of Modified APA and Commitment to Close. The bid is submitted in the form of an executed mark-up of the template asset purchase agreement (each a “**Modified APA**”) reflecting such Qualified Bidder’s proposed changes to the template asset purchase agreement (together with a blackline of the Modified APA against the template asset purchase agreement), and a written and binding commitment to close on the terms and conditions set forth therein.
- (c) Irrevocable. The bid includes a letter stating that the Qualified Bidder’s offer is irrevocable and open for acceptance until the earlier of (a) the date that the Property has been sold pursuant to the closing of the Transaction approved by the CCAA Court and the Oregon Court and (b) the Outside Date.
- (d) Contingencies. The bid is not conditional on obtaining financing or any board of directors or similar governing body or equityholder approval or on the outcome or review of due diligence.
- (e) Proof of Financial Ability to Perform. The bid contains written evidence upon which the Applicant, in consultation with the Monitor and the Oregon Receiver, may reasonably conclude that the Qualified Bidder has the necessary financial ability to close the contemplated Transaction and provide adequate assurance of future performance of all obligations to be assumed in such contemplated Transaction.
- (f) Deposit. The bid is accompanied by a cash deposit, to be held by the Monitor in a non-interest bearing account in accordance with the terms hereof in an amount equal to at least ten percent (10%) of the purchase price or investment contemplated therein.
- (g) Acknowledgments and Representations. The bid includes acknowledgements and representations of the Qualified Bidder that, in each case except as expressly stated in the definitive transaction agreement(s) signed by the Applicant, (i) it has had an opportunity to conduct any and all due diligence and it has relied solely upon its own independent review, investigation and/or inspection of any documents, the Business and/or the Property in making its bid (ii) it is not relying upon any written or oral statements, representations, promises, warranties, conditions, or guaranties whatsoever, made by any person or party, including the Applicant, the Monitor and the Oregon Receiver, and their respective employees, officers, directors, agents, advisors and other representatives, regarding the proposed transactions, this SISF, or any information provided in connection therewith; and (iii) it is making its bid on an “as is, where is” basis and without surviving representations or warranties of any kind by the Applicant, the Monitor or the Oregon Receiver or any of their respective employees, officers, directors, agents, advisors and other representatives.
- (h) Closing. The bid provides for Closing to occur no later than the Outside Date; and
- (i) Deadline. The bid is received by the Bid Deadline.

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17. Following the Bid Deadline, the Applicant, with the consent of the Monitor and the Oregon Receiver, will assess each bid submitted by a Qualified Bidder pursuant to paragraph 15 to determine whether they comply with the requirements set out in paragraph 16.
18. The Applicant may, with the consent of the Monitor and the Oregon Receiver, aggregate separate non-overlapping bids from unaffiliated Qualified Bidders to create one “Qualified Bid”.

Evaluation of Competing Bids

19. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder.
20. The Applicant, with the consent of the Monitor, and the Oregon Receiver, may waive strict compliance with any one or more of the requirements specified above and deem any such non-compliant bid to be a Qualified Bid.
21. A Qualified Bid will be valued based upon numerous factors, including, without limitation, items such as the following, as applicable: purchase price or investment amount contemplated by the Qualified Bid, the net value provided by such bid, the claims likely to be created by such bid in relation to other bids, the identity, circumstances and ability of the Qualified Bidder to successfully complete such transaction(s), the proposed transaction documents, the effects of the bid on the stakeholders of the Chalice Group, factors affecting the speed, certainty and value of the transaction (including any regulatory or legal approvals or third party contractual arrangements required to close the transactions), the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, each as determined by the Applicant, with the consent of the Monitor and the Oregon Receiver.

Selection of Successful Bid

22. Prior to the Successful Bid Selection Deadline, the Applicant, with the consent of the Monitor and the Oregon Receiver, will: (a) review and evaluate each Qualified Bid, provided that each Qualified Bid may be negotiated among the Applicant, with the consent of the Monitor and the Oregon Receiver, and the applicable Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and (b) identify the highest or otherwise best bid (the “**Successful Bid**”, and the Qualified Bidder making such Successful Bid, the “**Successful Bidder**”) for any particular Property or the Business in whole or part. The determination of any Successful Bid by the Applicant, with the consent of the Monitor and the Oregon Receiver, shall be subject to approval by the CCAA Court and the Oregon Court.
23. The Applicant shall have no obligation to enter into a Successful Bid, and reserves the right, with the consent of the Monitor and the Oregon Receiver, to reject any or all Qualified Bid(s).

Sale Approval Motion Hearing

24. The hearing of the motion pursuant to the CCAA for the CCAA Court to approve any transaction with a Successful Bidder (the “**Sale Approval Motion**”) shall take place on the CCAA Court Sale Approval Motion Date.
25. As part of the Sale Approval Motion, the Applicant shall seek, among other things, approval from the CCAA Court to consummate any Successful Bid.
26. The Applicant shall seek to coordinate the Sale Approval Motion with a similar or analogous motion before the Oregon Court in the Oregon Receivership proceedings (the “**Oregon Court Sale Approval Motion**”) which shall take place on the Oregon Court Sale Approval Motion Date.
27. As part of the Oregon Court Sale Approval Motion, the Oregon Receiver shall seek, among other things, approval from the Oregon Court to consummate any Successful Bid.
28. All Qualified Bids, other than the Successful Bid, if any, shall be deemed rejected by the Applicant on and as of the date of approval of the Successful Bid by the CCAA Court and the Oregon Court.

Closing the Successful Bid

29. The Chalice Group and the Successful Bidder shall take all reasonable steps to complete the transaction(s) contemplated by the Successful Bid as soon as possible after the Successful Bid is approved by the CCAA Court and the Oregon Court (“**Closing**”).

Confidentiality, Stakeholder/Bidder Communication and Access to Information

30. All discussions regarding any bid or Transaction contemplated herein should be directed through the Monitor, unless otherwise directed by the Monitor. Under no circumstances should the management of the Applicant or any creditor, customer, landlord supplier or other stakeholder of the Applicant be contacted or communicated with directly without the prior consent of the Monitor; provided, however, that the CRO and the Oregon Receiver may be so contacted or communicated with. Any such unauthorized contact or communication could result in exclusion of the interested party from the SISF process. For greater certainty, nothing herein shall preclude a person from contacting potential bidders, with the agreement of the Monitor and the Oregon Receiver, to advise that the Applicant has commenced a SISF and that they should contact the Monitor if they are interested.
31. If it is determined by the Applicant, with the consent of the Monitor and the Oregon Receiver, that it would be worthwhile to facilitate a discussion between a Qualified Bidder and a stakeholder or other third party as a consequence of a condition to closing or potential closing condition identified by such bidder, the Applicant with the consent of the Monitor and the Oregon Receiver may provide such bidder with the opportunity to meet with the relevant stakeholder or third party to discuss such condition or potential condition, with a view to enabling such bidder to seek to satisfy the condition or assess whether the condition is not required or can be waived. Any such meetings or other form of communication will take place on terms and conditions considered appropriate by the Applicant, with the consent of the Monitor and the Oregon Receiver. The Monitor and the Oregon Receiver

must be provided with the opportunity to be present at all such communications or meetings.

General

32. Unless otherwise provided for herein, the CRO shall be deemed to be acting for and on behalf of the Applicant and is fully authorized and empowered to take any and all actions and steps for and on behalf of the Applicant pursuant to the SISP.
33. The Monitor will oversee, in all respects, the conduct of the SISP by the Applicant. Without limitation to that supervisory role, the Monitor and the Oregon Receiver will participate in the SISP in the manner set out herein and in the SISP Approval Orders, and is entitled to receive all information in relation to the SISP.
34. If there is a Successful Bid, the applicable deposit (plus accrued interest) paid by the Successful Bidder whose bid is approved at the Sale Approval Motion and Oregon Court Sale Approval Motion will be applied to the purchase price or other consideration to be paid or investment amount to be made by the Successful Bidder, as applicable, upon closing of the approved transaction and will be non-refundable. Any deposit delivered with a Qualified Bid that is not selected as a Successful Bid will be returned to the applicable bidder as soon as reasonably practicable (but not later than ten (10) business days) after the date upon which the Successful Bid is at the Sale Approval Motion and Oregon Court Sale Approval Motion or such earlier date as may be determined by the Applicant, with the consent of the Monitor and the Oregon Receiver.
35. If a Successful Bidder breaches its obligations under the terms of the SISP, its deposit shall be forfeited as liquidated damages and not as a penalty.
36. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between any member of the Chalice Group and any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be signed with the Applicant.
37. Without limiting the preceding paragraph, the Applicant, the Monitor, the CRO and the Oregon Receiver shall not have any liability whatsoever to any person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder, as a result of implementation or otherwise in connection with this SISP, except to the extent that any such liabilities result from the gross negligence or wilful misconduct of the Applicant, the Monitor, the CRO or the Oregon Receiver, as applicable, as determined by the CCAA Court. Further, no person or entity, including without limitation any Potential Bidder, Qualified Bidder, Successful Bidder or any other creditor or stakeholder shall have any claim against the Applicant, the Monitor, the CRO or Oregon Receiver in respect of the SISP for any reason whatsoever, except to the extent that such claim is the result of gross negligence or wilful misconduct by the Applicant, the Monitor, the CRO or the Oregon Receiver, as applicable, as determined by the CCAA Court.
38. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with their participation in the SISP, including submission of any bid, due diligence activities, completion of a Successful Bid and any negotiations or other actions whether or not they lead to the consummation of a transaction.

39. The Applicant shall have the right to modify the SISP (including, without limitation, to extend the Bid Deadline or any other deadline) with the prior written approval of the Monitor and the Oregon Receiver if, in the Monitor's reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that, all Potential Bidders remaining in the SISP at the applicable time shall be advised of any substantive modification to the procedures set forth herein.
40. All bidders shall be deemed to have consented to the jurisdiction of the CCAA Court in connection with any disputes relating to the SISP, including the qualification of bids, the construction and enforcement of the SISP, and Closing, as applicable.
41. For the avoidance of doubt, any approvals required pursuant to the terms hereof are in addition to, and not in substitution for, any other approvals required by the CCAA or the Oregon Court, or any other statute or as otherwise required at law in order to implement a Successful Bid.

* * * * *

APPENDIX "A"

KSV Restructuring Inc., LIT,
Monitor of Chalice Brands Ltd.
150 King Street West, Suite 2308
Toronto ON M5H 1J9
Attention: Eli Brenner
Email: ebrenner@ksvadvisory.com

CERTIFICATE OF READINESS
(UTCR 5.100(2))

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This proposed order or judgment is ready for judicial signature because:

- Each opposing party affected by this order or judgment has stipulated to the order or judgment, as shown by each opposing party’s signature on the document being submitted.
- Each opposing party affected by this order or judgment has approved the order or judgment, as shown by signature on the document being submitted or by written confirmation of approval sent to me.
- I have served a copy of this order or judgment on all parties entitled to service, and:
 - No objection has been served on me.
 - I received objections that I could not resolve with the opposing party despite reasonable efforts to do so. I have filed a copy of the objections I received and indicated which objections remain unresolved.
 - After conferring about objections, [role and name of opposing party] agreed to independently file any remaining objection.
- The relief sought is against an opposing party who has been found in default.
- An order of default is being requested with this proposed judgment.
- Service is not required pursuant to subsection (3) of this rule, or by statute, rule, or otherwise.
- This is a proposed judgment that includes an award of punitive damages and notice has been served on the Director of the Crime Victims’ Assistance Section as required by subsection (4) of this rule.
- Other:

DATED: May __, 2023

s/

Andrew J. Geppert, OSB No. 203744
Attorney for Receiver

CERTIFICATE OF SERVICE

I, David W. Criswell, hereby certify that on this 26th day of May, 2023, I caused a copy of the foregoing **(PROPOSED) ORDER APPROVING BID PROCEDURES** to be served via U.S. Mail and electronic mail, on the following:

<p>Timothy A. Solomon, Esq. LEONARD LAW GROUP LLC 4110 SE Hawthorne Blvd, PMB 506 Portland, OR 97214 tsolomon@llg-llc.com</p> <p><i>Attorney for Plaintiff</i></p>	<p>Holly C. Hayman, Esq. FARLEIGH WADA WITT 121 SW Morrison Street, Suite 600 Portland, OR 97204 hhayman@fwwlaw.com</p> <p><i>Attorney for Defendants</i></p>
<p>Allison C. Bizzano, Esq. LOTUS LAW GROUP, LLC 2 Centerpointe Drive, Suite 345 Lake Oswego, OR 97035 allison@lotuslawgroup.com</p> <p><i>Attorney for Secured Creditors Alicia Smith, Jillian Smith, Marcena Sorrels</i></p>	<p>Lauren B. Bernton, Esq. TONKON TORP LLP 888 SW Fifth Avenue, Suite 1600 Portland, OR 97204 lauren.bernton@tonkon.com</p> <p><i>Attorney for Bobsled Extracts, LLC</i></p>
<p>Daniel Shouldice, Esq. McMILLAN LLP Royal Centre, 1055 W. Georgia St, Ste 1500 PO Box 11117 Vancouver, BC V6E 4N7 daniel.shouldice@mcmillan.ca</p> <p><i>Attorney for Gary Zipfel</i></p>	<p>Jesse Mondry, Esq. Kathleen Biddle, Esq. Vincent Sliwoski, Esq. HARRIS BRICKEN 511 SE 11th Avenue, Suite 201 Portland, OR 97214 jesse@harrisbricken.com kathleen@harrisbricken.com vince@harrisbricken.com</p> <p><i>Attorney for Kush Originals, LLC, judgment-creditor for Chalice entities CF Bliss LLC and CFA Farms LLC</i></p>
<p>Kathryn Esaw, Esq. Shawn Irving, Esq. Osler, Hoskin & Harcourt LLP 100 King Street West 1 First Canadian Place Suite 6200 PO Box 50 Toronto, ON M5X 1B8 kesaw@osler.com sirving@osler.com</p> <p><i>Attorneys for Chalice Brands LTD (Canadian Proceeding)</i></p>	<p>Nathan Q. Rugg, Esq. Joeseoph D. Lambert, Esq. Barack Ferrazzano Kirschbaum & Nagelberg 200 West Madison Street, Suite 3900 Chicago, IL 60606 nathan.rugg@bfkn.com joe.lambert@bfkn.com</p> <p><i>Attorneys for Landlord Aventine Property Group</i></p>

1	USGAI	Security State Bank & Trust
2	1190 N Carrol Ave	201 W Main Street
3	Southlake, TX 76092	Fredericksburg, TX,78624
4	<i>Creditor</i>	<i>Creditor</i>
5	APG McLoughlin 2, LLC	Gary Zipfel
6	Aventine Prop Group	1551 Penstemon Court
7	111 S. Wacker Drive	Grayslake, IL 60030
8	Suite 3350	<i>Creditor</i>
	Chicago, IL 60606	
9	Mike Genovese	William Simpson
10	3300 NW 185 th Avenue, #163	P.O. Box 510
11	Portland, OR 97229	Lawai, HI 19765
	<i>Creditor</i>	<i>Creditor</i>
12	High Street Capital Partners, LLC	Yamhill County
13	366 Madison Ave	535 NE 5th St, Room 42
14	NY, NY 10017	McMinnville, OR 97128
	<i>Creditor</i>	<i>Creditor</i>
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s/ David W. Criswell
David W. Criswell

IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH
1200 SW First Avenue Portland Oregon 97204
971-274-0540 <http://courts.oregon.gov/multnomah>

June 14, 2023

DAVID W CRISWELL
Lane Powell PC
601 SW 2nd Ave Ste 2100
Portland OR 97204

Re: Chalice Brands Ltd. vs Greenpoint Oregon, INC., Greenpoint Equipment Leasing, LLC, CFA
Retail LLC, SMS Ventures LLC, CF Bliss LLC
Case #: 23CV20696 Contract

NOTICE OF SIGNED DOCUMENT

A case event that includes a signed document has been added to the Register of Actions for this case.

For further information, log into the Oregon eCourt Case Information (OECI) system or go to a public access kiosk at the courthouse.

Note: Documents may not be attached to events depending on local court business processes.

From: Court_Notification@ojd.state.or.us
To: [Criswell, David W.](#)
Cc: [Docketing](#)
Subject: Court Notification
Date: Wednesday, June 14, 2023 9:07:32 AM

CAUTION: This is an external email. **STOP and THINK.** Do **NOT** click links or open attachments unless you are certain the content is safe.

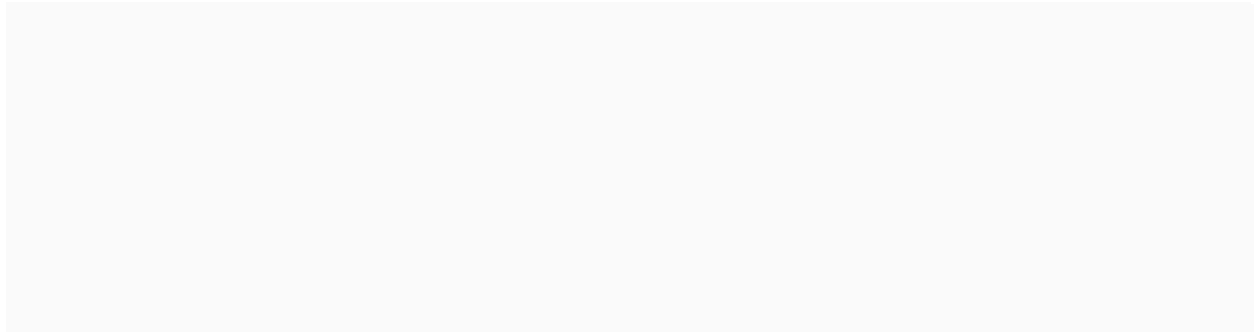
You have received a court notification regarding:

Chalice Brands Ltd. vs Greenpoint Oregon, INC., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC, CF Bliss LLC, Case #: 23CV20696

Click the link below to view the notification.

<https://publicaccess.courts.oregon.gov/Notifications/ba8fe41ca0fd4fff9d4e8e8b3546f2ba>

NOTE: **This email is NOT monitored.** DO NOT reply to this email. If you need to contact the court, use the contact information provided on the enclosed notification.



TAB I

THIS IS EXHIBIT "1" REFERRED TO IN THE
AFFIDAVIT OF SCOTT SECORD, SWORN
BEFORE ME OVER VIDEO CONFERENCE THIS
JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits

BEFORE THE LIQUOR CONTROL COMMISSION
OF THE STATE OF OREGON

In the Matter of the)	
(ID: See Attached List) Held by:)	TEMPORARY AUTHORITY TO OPERATE
)	AS A TRUSTEE, RECEIVER,
Greenpoint Oregon, Inc. (See Attached List))	PERSONAL REPRESENTATIVE OR A
CFA Retail, LLC (See Attached List))	SECURED PARTY
SMS Ventures, LLC (See Attached List))	
CF Bliss, LLC (See Attached List))	
Multiple DBA's (See Attached List))	
Multiple Premises (See Attached List))	

Pursuant to OAR 845-025-1260, the Commission may issue a temporary authority to operate a licensed business to a trustee, the receiver of an insolvent or bankrupt licensed business, the personal representative of a deceased licensee, or a person holding a security interest in the business for a reasonable period of time to allow orderly disposition of the business. In order to issue a temporary authority to a person as defined above, the Commission must receive the following information dependent upon the type of request received:

- For a trustee, receiver or personal representative:
 - Proof the person is the legal trustee, receiver, or personal representative for the business; and
 - A written request for authority to operate as a trustee, receiver or personal representative, listing the address and telephone number of the trustee, receiver or personal representative.
- For a secured party:
 - Proof of security interest in the licenses business;
 - Proof of the licensees default on the secured debt;
 - Proof of legal access to the real property; and
 - A written request for authority to operate as a secured party listing the secured party's address and telephone number.

On May 23, 2020, David Criswell, attorney with Lane Powell Law PC, (601 SW Second Avenue, Suite 2100, Portland, OR 97204; Phone: 503-778-2198) requested the Commission authorize Kenneth S. Eiler, temporary authority to operate as a receiver for the above-captioned licensed businesses. Mr. Criswell provided the Commission with a Stipulated Order Appointing Receiver issued in Multnomah County Circuit Court appointing Kenneth S. Eiler as the receiver of the above-mentioned businesses.

The Commission grants Kenneth S. Eiler a temporary authority to operate the above-captioned licenses. This order is effective for 60 days from the date of issuance. Pursuant to OAR 845-025-1260(4), this order may be extended as reasonably necessary to allow for the disposition of the business.

The Commission may revoke the authority of the receiver to operate the above-captioned licensed business if: the receiver does not begin to operate the business immediately upon receiving this order; for any of the reasons the Commission may revoke a license; if the receiver operates the business in violation of ORS Chapter 475B or the Commission's administrative rules; or if a reasonable time for disposition of the business has elapsed and no extension has been granted.

Dated this 1 day of June 2023.

Danica Foster

Danica Foster
Director of Licensing
Oregon Liquor & Control Commission

Emailed this 1 day of June 2023.

THIS ORDER IS EFFECTIVE ON THE DATE EMAILED.

Holder	License Type	License Number	Description	Summary	Tradenname	Address	Applicants	
Greenpoint Oregon, Inc.	OLCC - Producer	020-10087170927	Bald Peak Chalice Farms	Producer -- cannabis cultivation	Chalice Farms	23700 NE Bald Peak Rd Hillsboro, OR 97123	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Processor	030-1003213EDB2	Greenpoint Oregon, Inc.	Oregon processing Tozmoz	Greenpoint Oregon, Inc	12312 SE Capps Rd Clackamas, OR 97015	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Processor	030-100384161D7	Suite 700 - Processor	Oregon processing Airport Way	Chalice	13315 NE Airport Way, Portland, OR 97230	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Wholesale	060-1003227DB77	Greenpoint Oregon, Inc.	Oregon wholesale Tozmoz	Greenpoint Oregon, Inc	12312 SE Capps Rd Clackamas, OR 97015	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Wholesale	060-10046405D93	Suite 700 - Wholesale	Oregon wholesale Airport Way	Greenpoint Oregon, Inc	13315 NE Airport Way Ste 700 Portland, OR 97230	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Processor	030-1017201A3A9	Greenpoint Oregon, Inc.	Oregon processing Tozmoz	Greenpoint Oregon, Inc, Greenpoint, Tozmoz	12310 SE Capps Rd Clackamas, OR 97015	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
CFA Retail LLC	OLCC - Retailer	050-10079928B63	Dundee Chalice Farms	Retail license for Dundee, OR	Chalice Farms	1178 N Hwy 99W Dundee, OR 97115	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Retailer	050-1007989F581	Powell Chalice Farms	Retail license for Portland, OR	Chalice Farms	5333 SE Powell Blvd Portland, OR 97206	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC Retailer	050-10079902125	Naito Chalice Farms	Retail license for Portland, OR	Chalice Farms	823 SW Naito Parkway Portland, OR 97204	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Retailer	050-10079919CD9	Tigard Chalice Farms	Retail license for Tigard, OR	Chalice Farms	16735 SW Pacific Hwy Portland, OR 97224	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Retailer	050-1007988A80E	Airport Way Chalice Farms	Retail license for Portland, OR	Chalice Farms	13315 NE Airport Way, 700A Portland, OR 97230	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Retailer	050-10025185011	Left Coast Connections	Retail license for Portland, OR	Left Coast Connections	10055 NE Gilsan St Portland, OR 97220	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	OLCC - Retailer	050-1023329BEE5	McLoughlin	Retail license for Portland, OR	Chalice Farms	5035 SE McLoughlin Blvd Portland, OR 97206	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
	SMS Ventures, LLC	OLCC - Retailer	050-1016990CA13	Albany Homegrown	Retail license for Albany, OR	Chalice Farms/Homegrown	921 SE 9th Ave Albany, OR 97322	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp
		OLCC - Retailer	050-10169911EE0	Beaverton Homegrown	Retail license for Beaverton, OR	Chalice Farms	6330 SW Beaverton Hillsdale Hwy Portland, OR 97221	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp
OLCC - Retailer		050-10169922B05	Edgewater Homegrown	Retail license for Salem, OR	Chalice Farms/Homegrown	1077 Edgewater Street NW Salem, OR 97304	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
OLCC - Retailer		050-1016993F313	Lansing Homegrown	Retail license for Salem, OR	Chalice Farms/Homegrown	1803 Lansing Ave NE Salem, OR 97301	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
OLCC - Retailer		050-1016995D03E	Liberty Homegrown	Retail license for Salem, OR	Chalice Farms/Homegrown	2820 Liberty Street NE Salem, OR 97301	Greenpoint Holdings Delaware Inc. Golden Leaf Holdings, Ltd. Jeffrey Yapp	
CF Bliss, LLC		OLCC - Retailer	050-10184368093	Cannabliss Burnside	Retail license for Portland, OR	Chalice Farms	2231 W Burnside Street Portland, OR 97210	Greenpoint Holdings Delaware Inc. Chalice Brands, LTD Jeffrey Yapp
	OLCC - Retailer	050-10184402F3F	Cannabliss Sorority House	Retail license for Eugene, OR	Chalice Farms	588 E 11th Ave Eugene, OR 97401	Greenpoint Holdings Delaware Inc. Chalice Brands, LTD Jeffrey Yapp	
	OLCC - Retailer	050-10184421855	Cannabliss Fire Station	Retail license for Portland, OR	Chalice Farms	1917 SE 7th Ave Portland, OR 97214	Greenpoint Holdings Delaware Inc. Chalice Brands, LTD Jeffrey Yapp	
	OLCC - Retailer	050-10184449F91	Cannabliss Main Street	Retail license for Springfield, OR	Chalice Farms	2600 Main Street Suite E Springfield, OR 97477	Greenpoint Holdings Delaware Inc. Chalice Brands, LTD Jeffrey Yapp	

From: [Criswell, David W.](#)
To: [Miller Matt * OLCC](#); [Mitchell Nicole * OLCC](#); [BYRAM Denise * OLCC](#)
Cc: [Geppert, Andrew J.](#); [Kenneth Eiler](#); ["Meghan Miller"](#)
Subject: Request for Temporary Operating Authority by Receiver
Date: Tuesday, May 23, 2023 2:23:47 PM
Attachments: [Cannabis Licenses spreadsheet.XLSX](#)
[Chalice - Receiver Order Conformed COPY NOT DOCKETED.pdf](#)
[Chalice Brands v. Greenpoint Case No. 23cv20696 docket 5.23.2023.pdf](#)

And to follow up on Mr. Eiler's email below, Lane Powell represents Kenneth S. Eiler as Court Appointed Receiver ("Receiver") over the assets of GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company, ("Licensees") in Multnomah County Circuit Court Case No. 23CV20696 (the "Receivership Action"). A copy of the Order Appointing Receiver signed on May 23, 2023 is attached as well as a copy of the docket in the Receivership Action. Judge Matarazzo advised this morning that the Order Appointing Receiver will be entered on the docket this afternoon. We will send the order as entered to the OLCC following our receipt.

Pursuant to OAR 845-025-1260, the Receiver hereby requests temporary authority operated the licensed businesses associated with the OLCC licenses described on the attached spreadsheet.

The address and telephone number of the Receiver (copied by email here) are:

Kenneth S. Eiler
Receiver
Attorney at Law
515 NW Saltzman Rd.
PMB 810
Portland, OR. 97229

503.292.6020

As indicated below, Kenneth Eiler previously submitted fingerprints to the OLCC in connection with obtaining temporary operating authority in another cannabis receivership. Please let us know if the OLCC will require new fingerprints to be submitted or will be able to rely on the prior fingerprints submission. Thank you



DAVID W. CRISWELL
Shareholder [Bio](#) | [vCard](#)
criswell@lanepowell.com
D 503.778.2198 **C** 503.329.2793
LANEPOWELL.COM

From: Miller Matt * OLCC <Matt.Miller@oregon.gov>

Sent: Tuesday, May 23, 2023 2:10 PM

To: Kenneth Eiler <kenneth.eiler7@gmail.com>; 'Meghan Miller' <mem@chalicebrandsltd.com>
Cc: Criswell, David W. <CriswellD@LanePowell.com>; BYRAM Denise * OLCC <Denise.Byram@oregon.gov>; Mitchell Nicole * OLCC <Nicole.Mitchell@oregon.gov>
Subject: RE: Credentials

CAUTION: This is an external email. **STOP and THINK.** Do **NOT** click links or open attachments unless you are certain the content is safe.

Hello,

My apologies. This first email went to my junk folder.

I am copying Denise Byram and Nicole Mitchell. They are our technicians for the OLCC licensing unit and handle these temporary authority to operate situations.

Sorry I cannot be of much more assistance, but you are in good hands with them.

Matt Miller

Marijuana Licensing Inspector
Oregon Liquor & Cannabis Commission
9079 SE McLoughlin Blvd.
Portland OR 97222
(971) 420-5512
matt.miller@oregon.gov

My work hours are Monday through Friday, 7:30am – 4pm.

From: Kenneth Eiler [<mailto:kenneth.eiler7@gmail.com>]
Sent: Tuesday, May 23, 2023 12:51 PM
To: 'Meghan Miller' <mem@chalicebrandsltd.com>; Miller Matt * OLCC <matt.miller@oregon.gov>
Cc: 'Criswell, David W.' <CriswellD@LanePowell.com>
Subject: RE: Credentials

Matt.....as a follow up, I have attached a conformed copy of the Order entered by the court this morning. As I am sure you are aware, I will need, and so am requesting, temporary authority to operate as a Receiver per OAR 845-025-1260. As an aside, I have been granted this authority by the OLCC in the past and have previously submitted a fingerprint card via Field Print which should be on file with the OLCC should that be necessary to process this request. I have also copied David Criswell on this email. He will be representing me as Receiver in this matter. If you need any additional information from me please let me know. Thank you for your courtesies in processing this request. Ken

Eiler

Kenneth S. Eiler
Receiver
Attorney at Law
Bankruptcy Panel Trustee
Sub Chapter V Trustee (Region 18)
515 NW Saltzman Rd.
PMB 810
Portland, OR. 97229

503.292.6020
503.297.9402 (fax)

From: Meghan Miller [<mailto:mem@chalicebrandsltd.com>]
Sent: Tuesday, May 23, 2023 11:54 AM
To: matt.miller@oregon.gov
Cc: kenneth.eiler7@gmail.com
Subject: Credentials

Hi Matt –

I just tried calling you. We are working through some challenging times at Chalice. We have engaged the help of Kenneth Eiler. Ken will be working with us as our receiver. We have some questions around credentials he may need updated. Would you be able to help answer our questions or point us in the right direction?

Meghan Miller
Chief Operating Officer CHALICE BRANDS LTD.
13315 NE Airport Way Ste. 700 Portland, OR 97230
chalicebrandsltd.com | IG: [Chalice Farms](#)
mem@chalicebrandsltd.com | C: (808)707-9007

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This message is private or privileged. If you are not the person for whom this message is intended, please delete it and notify me immediately, and please do not copy or send this message to anyone else.

REGISTER OF ACTIONS
[CASE No. 23CV20696](#)

Chalice Brands Ltd. vs Greenpoint Oregon, INC., Greenpoint Equipment Leasing, LLC, CFA Retail LLC, SMS Ventures LLC, CF Bliss LLC

§ 56.010

Case Type: **Contract**
 Date Filed: **05/22/2023**
 Location: **Multnomah**

PARTY INFORMATION

		Attorneys
Defendant	CF Bliss LLC 13315 NE Airport Way, Suite 700 Portland, OR 97230	
Defendant	CFA Retail LLC 13315 NE Airport Way, Suite 700 Portland, OR 97230	
Defendant	Greenpoint Equipment Leasing, LLC 13315 NE Airport Way, Suite 700 Portland, OR 97230	
Defendant	Greenpoint Oregon, INC. 13315 NE Airport Way, Suite 700 Portland, OR 97230	
Defendant	SMS Ventures LLC 13315 NE Airport Way, Suite 700 Portland, OR 97230	
Plaintiff	Chalice Brands Ltd. 82 Richmond Street East Toronto, Ontario M5C 1P1 Canada	TIMOTHY A SOLOMON <i>Retained</i> 971 634-0190(W)

EVENTS & ORDERS OF THE COURT

OTHER EVENTS AND HEARINGS		
05/22/2023	Complaint <i>Breach of Contract; Not Subject to Mandatory Arbitration</i> Created: 05/23/2023 8:57 AM	
05/22/2023	Service Greenpoint Oregon, INC. Created: 05/23/2023 8:57 AM	Unserviced
05/23/2023	Service Greenpoint Equipment Leasing, LLC CFA Retail LLC SMS Ventures LLC CF Bliss LLC Created: 05/23/2023 8:58 AM	Unserviced Unserviced Unserviced Unserviced

FINANCIAL INFORMATION

	Plaintiff Chalice Brands Ltd. Total Financial Assessment Total Payments and Credits Balance Due as of 05/23/2023		1,178.00 1,178.00 0.00
05/23/2023	Transaction Assessment		1,178.00
05/23/2023	xWeb Accessed eFile Receipt # 2023-336586	Chalice Brands Ltd.	(1,178.00)

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FILED
2023 MAY 23 AM 10: 58
4TH JUDICIAL DIST.

IN THE CIRCUIT COURT OF THE STATE OF OREGON
IN AND FOR THE COUNTY OF MULTNOMAH

CHALICE BRANDS, LTD., a Canadian corporation,

Plaintiff,

v.

GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company,

Defendants.

Case No. 23CV20696

STIPULATED ORDER APPOINTING RECEIVER

The Court, after having reviewed the Stipulated Motion for Appointment of Receiver and supporting Declarations of Kenneth Eiler and Scott Secord, and after considering additional argument or submissions by Plaintiff or Defendants, if any, and otherwise being fully informed, and good cause appearing therefor, makes the following findings:

A. The Defendants are insolvent or are in imminent danger of insolvency. The businesses, assets or property of each of the Defendants, including but not limited to all tangible and intangible personal property of each Defendant, wherever located, including inventory,

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1 rents, profits, licenses, accounts, intellectual property, interests, claims, and all other property
2 proceeds thereof (collectively, the “**Property**”), are in danger of being lost or materially injured
3 or impaired as a result of, among other things, the Defendants’ alleged defaults under certain
4 agreements, and failure to pay the balances due and owing to creditors, including the Plaintiff
5 herein, vendors, landlords, lenders, and others (some of which, whether creditors or not, have
6 threatened to exercise alleged self-help remedies by taking possession of the Defendants’
7 Property). Receivership is necessary and appropriate to protect the Property and to conserve and
8 protect the interests of the Defendants’ stockholders, members, partners or creditors.

9 B. As a result of the foregoing, the appointment of a Receiver pursuant to Oregon
10 Revised Statutes (“**ORS**”), including 37.060(1)(a), (g), and/or (i) is necessary and appropriate to
11 manage and protect the Property.

12 C. Kenneth Eiler (the “**Receiver**”) is not interested in this action and is competent,
13 eligible and qualified to act as the Receiver.

14 D. Notice of the relief sought under this Order has been adequate and proper for the
15 circumstances of this case.

16 E. The powers and duties of the Receiver shall be as set forth in ORS Chapter 37,
17 except to the extent otherwise provided herein.

18 Based upon the foregoing, it is hereby **ORDERED** as follows:

19 1. **Appointment.** Subject to the terms of this Order, the Receiver is hereby
20 appointed as Receiver with exclusive possession, control and management over the Property,
21 together with all rights, entitlements, licenses, contracts, leases, interests, properties and
22 business affairs associated with and relating to each of the Defendants (collectively, the
23 “**Estates**”). During the Receivership, and until further order of the Court, the Estates and
24 Defendants’ respective Property, wherever located, shall remain under this Court’s jurisdiction
25 in accordance with ORS 37.100. The Receiver shall not be subject to the control of any of the
26 parties to this matter, but shall be subject only to the ORS and the Court’s direction in the

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1 fulfillment of the Receiver's duties. The Estates and their respective Property and liabilities shall
2 not be substantively consolidated, and the Receiver shall continue to operate and account for
3 each of the Estates as a distinct entity.

4 **2. Bond and Oath.** The appointment of the Receiver as the Receiver is effective as
5 of the date of this order. A \$100,000 bond shall be required (the "**Bond**"). The Receiver shall
6 post such bond within 10 business days, and shall be authorized to obtain reimbursement for the
7 Bond from any or all of the Estates pursuant to ORS 37.090(4).

8 **3. Powers.** The Receiver shall have exclusive possession and control over the
9 Estates, with the power and authority to preserve, manage, protect, improve, and sell their
10 Property. The Receiver shall maintain, secure, and manage the Estates, review the books and
11 records of the Estates, investigate the operations and financial affairs of the Estates, and take
12 such other actions as may be deemed appropriate by the Receiver. The Receiver shall have all
13 other powers and rights of a receiver appointed under Oregon law, including, without limitation,
14 each and every one of the powers set forth under ORS 37.110(1)(a) through (s), together with the
15 following rights, powers and privileges:

16 (a) Collect, control, manage, conserve, construct, protect, and sell each Estates'
17 Property;

18 (b) Enter into agreements on behalf of the Defendants, and renegotiate, amend, or
19 modify any existing agreements in which the Defendants are parties;

20 (c) Manage, collect, and control any insurance claim and/or any related insurance
21 proceeds arising from or in connection with the Estates;

22 (d) In the ordinary course of business, incur unsecured debt and pay expenses
23 incidental to the Receiver's preservation of each Estates' Property, utilizing the Defendants'
24 existing cash management systems if deemed advisable by the Receiver;

25 (e) Assert or continue to assert a right, claim, cause of action or defense of the
26 Defendants, or enter into any settlement related to the same;

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1 (f) Seek and obtain instructions from the Court concerning each Estates' Property,
2 exercise of the Receiver's powers, and performance of the Receiver's duties;

3 (g) Operate the respective businesses of Defendants and use the proceeds from the
4 sale of inventory to pay operating expenses, purchase new inventory and pay for expenses of
5 administration of the receivership;

6 (h) On subpoena, compel a person to submit to examination under oath in the manner
7 of a deposition in a civil case, or to produce and permit inspection and copying of designated
8 records or tangible things, with respect to each Estates' Property or any other matter that may
9 affect administration of the Receivership;

10 (i) Obtain and review the Defendants' books and records;

11 (j) Obtain an accounting of the Defendants' accounts payable, accounts receivable,
12 income, debts, profits, losses, and all other financial affairs;

13 (k) Pay the Defendants' accounts payable debts as they become due, including
14 without limitation, utilities, operating expenses, repair, and construction costs;

15 (l) Collect the Defendants' accounts receivable, if any, as they become due;

16 (m) Engage and pay compensation to one or more professionals, including attorneys,
17 accountants, investigators, consultants, general contractors and any other persons or entities
18 deemed necessary by the Receiver to assist the Receiver in the discharge of the Receiver's duties
19 under this Order, with the costs of such services to be paid out of the Estates in the ordinary
20 course of business, subject to the requirements of Section 19 of this Order and ORS 37.310;

21 (n) Pay compensation to the Receiver;

22 (o) Take possession of existing or set up new bank accounts as described in Section 5
23 of this Order;

24 (p) Redirect mail to a location the Receiver has exclusive control of as described in
25 Section 23 of this Order; and

26

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1 (q) Operate the Defendants' businesses pursuant to authority as provided under
2 Oregon Administrative Rule 845-025-1260; and

3 (r) Take any other actions that the Court deems reasonably necessary to avoid
4 injustice or waste.

5 **4. Duties of the Receiver:**

6 The Receiver shall comply with applicable law, including the provisions of ORS 37.120.

7 **5. Collection of Accounts Receivable, Profits, and Proceeds.** The Receiver shall
8 have the power to take all steps reasonably necessary to collect cash, accounts receivable, profits,
9 proceeds, rents, insurance proceeds, and other amounts due to the Estates from the sale of
10 inventory or otherwise and shall deposit those amounts into segregated accounts (the "**Bank**
11 **Accounts**"), if possible and considered advisable by the Receiver in its reasonable discretion.
12 The Receiver shall have the power to present for payment any checks, money orders, and other
13 forms of payment made payable to the Defendants or similar names, endorse the same, and
14 collect the proceeds thereof. The Receiver shall have the sole and exclusive authority to disburse
15 funds from the Bank Accounts. Any banks or credit unions at which Defendants maintain
16 accounts, including but not limited to Salal Credit Union, shall comply with the Receiver's
17 instructions concerning the Bank Accounts and the use and/or disposition of the funds therein.
18 The Receiver is authorized to continue using existing bank accounts of Defendants at Salal Credit
19 Union or any other financial institution.

20 (a) **Possession of Estates.** The Receiver may take and keep possession of the Estates
21 during the pendency of this action.

22 (b) **Management of Estates.** The Receiver shall manage, operate, and maintain and, if
23 applicable, improve the Estates subject to such rules and conditions as the Receiver may establish
24 to ensure that profits and rents are profitably preserved and to reasonably ensure that the value of
25 the Estates are not diminished. The Receiver shall not be personally liable in connection with
26 such Property, or for any damage to the same, whether now known or later discovered, except if

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1 its conduct falls under the circumstances set forth in ORS 37.300 (the “**Limitation of Liability**
2 **Exceptions**”).

3 (c) **Licenses and Permits.** The Receiver may acquire, keep, or renew all governmental
4 licenses, permits, or other authorizations, in the names of the Defendants, pertaining to the
5 Estates or any business associated therewith and to do all other things necessary or appropriate to
6 maintain and protect the Estates. Without limiting the foregoing, the Receiver may obtain any
7 necessary temporary approvals to operate the Defendants’ businesses pursuant to OAR 845-025-
8 1260.

9 **6. Operating Decisions.** In carrying out the Powers and Duties of the Receiver
10 described in paragraph 3 and 4, and subject to the limitations of such Powers and Duties of the
11 Receiver, the Receiver shall have the power to do all the things that Defendants might do in the
12 ordinary course of their operations of the businesses related to the Estates, and shall be entitled
13 to make operating decisions regarding the Estates, including, without limitation:

14 (a) Providing ordinary maintenance, repair, and security services for the Property and
15 extraordinary maintenance or repair services where required;

16 (b) Procuring goods and services for the Estates where necessary;

17 (c) Consulting with, or obtaining records of, existing employees of Defendants or
18 related parties regarding any business operations related to the Estates;

19 (d) Contracting with, or hiring, paying, directing, and discharging all persons deemed
20 necessary by the Receiver, in its sole discretion, for the operation and maintenance of the Estates;
21 and

22 (e) Engaging counsel, accountants, appraisers, auctioneers, brokers, contractors, or
23 other professionals, as deemed necessary by the Receiver, in its sole discretion, the reasonable
24 fees and expenses of whom shall be included and paid as expenses of the Receivership.

25 **7. Payment of Expenses.** The Receiver shall pay the operating expenses of the
26 respective Estates, including administrative costs, from the income generated by the Estates.

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1 Each Estate shall be responsible for paying its own operating expenses. To the extent an Estate's
2 income is inadequate to pay its operating expenses, payment may be made from Receivership
3 Advances made in accordance with Section 14 below or from an advance from one Estate to
4 another Estate; provided, however, that the Receiver shall maintain accurate books and records
5 reflecting the amounts of any such inter-Estate advances. The Receiver shall similarly pay all
6 amounts necessary to maintain adequate property insurance and liability insurance on the
7 Estates. Payment of loan installments or fees, payroll, payroll taxes, rent, employee benefits,
8 utilities, insurance, taxes, accounts payable, landscaping, janitorial services, and maintenance
9 shall not require prior approval of the Court.

10 **8. No Obligation to Complete Tax Returns.** Notwithstanding any other provision
11 hereof, the Receiver shall be under no obligation to prepare, complete or file tax returns on behalf
12 of the Defendants. The Receiver shall furnish the Defendants with such access to books and
13 records within the Receiver's custody or control as reasonably may be necessary for the
14 Defendants to complete and file state and federal tax returns on their own behalf.

15 **9. Court Actions.** The Receiver may bring and prosecute actions to recover any
16 Property of the Estates that is in the possession of any third party.

17 **10. No Appraisal Required.** The Receiver has no duty to seek an independent
18 professional appraisal of any Property of the Estates.

19 **11. No Personal Liability/Indemnification.** Subject to the Limitation of Liability
20 Exceptions, no obligation incurred by the Receiver in the good faith performance of its duties in
21 accordance with the orders of this Court, whether pursuant to any contract, by reason of any tort,
22 or otherwise, shall be assessed against the Receiver. Rather, the recourse of any person or entity
23 to whom the Receiver becomes obligated in connection with the performance of its duties and
24 responsibilities shall be solely against the assets of the Estates. To the fullest extent allowed by
25 law, the Receiver and the Receiver's agents, attorneys, consultants and employees, shall be
26 immune from and shall be held harmless from and against any and all suits, liabilities, claims,

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1 losses, lawsuits, judgments, and/or expenses, including but not limited to attorney fees, costs and
2 monetary damages, arising out of or related to, either directly or indirectly, his, her, its or their
3 performance of duties or obligations pursuant to the terms of this Order. Defendants will, to the
4 extent allowable by law, indemnify the Receiver, its owners, employees, contractors, attorneys
5 and agents against any and all claims related to the duties performed under this Order, except for
6 cases of willful misconduct or fraud as determined by this Court. The Receiver shall have no
7 obligation to advance its own funds to pay any costs and expenses of the Estates.

8 **12. No Obligation or Liability for Hazardous Materials.** Unless otherwise ordered
9 by the Court, the Receiver is not obligated to undertake, and will have no liability for any
10 remediation or cleanup with respect to hazardous materials presently existing under, on or about
11 Property of the Estates. The Receiver is authorized, in its sole discretion, to initiate
12 environmental due diligence, inspections, or other environmental monitoring it initiates, and
13 shall have no liability for any hazardous materials presently existing under, on or about Property
14 of the Estates.

15 **13. Limitations on Duties and Obligations.** The Receiver shall have no duties or
16 obligations except for duties and obligations specifically identified in this Order. Pursuant to ORS
17 37.110(2), upon proper notice and Court order, the powers and duties of the Receiver may be
18 expanded, modified, or limited at any time.

19 **14. Receivership Advances.** The Receiver may request advances from the Plaintiff in
20 such amounts as may be necessary to satisfy the costs and expenses of these receivership
21 proceedings (each, a “**Receivership Advance**”). The Plaintiff is not and shall not be required to
22 make or loan any Receivership Advance. The Receiver shall bear no individual obligation or
23 responsibility for repayment of any Receivership Advance. Any such Receivership Advance will
24 be secured by a first-priority lien on Estate property in favor of Plaintiff, subject to the lien in
25 favor of the Receiver and its professionals as set forth in Section 19, which shall be binding,
26 perfected, and enforceable without the necessity for any or further action by Plaintiff.

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1 **15. Inventory of Estate Property; Notice to Creditors and Others.** No later than
2 60 days after the entry of this order, the Receiver shall file schedules of all known creditors of
3 each of the Estates, their last known addresses, the amount and nature of the claims, and an
4 inventory of Property of the Estates (except for legal claims) and serve the schedules and
5 inventory on all known creditors. The Receiver shall mail notice of these receivership
6 proceedings to all known creditors, which notice must be mailed no later than 30 days after the
7 date of appointment of the Receiver. The Receiver shall also give notice to federal and state
8 taxing authorities, consistent with ORS 37.120.

9 **16. Claims Process.** The Receiver shall not be required to administer a claims
10 process in these receivership proceedings at this time, but may elect to do so.

11 **17. Financial Reports.** The Receiver shall provide the Court, the parties or their
12 counsel, if applicable, with monthly reports on the operations and financial affairs of the Estates.
13 Each such report shall be due by the last day of the subsequent month, and shall include: (a) a
14 narrative summary of the Receiver's activities; (b) balance sheets; (c) statements of income and
15 expenses; (d) cash flow statements; (e) statements of accrued accounts receivable; and (f) a
16 statement of accounts payable of the Receiver, including professional fees. The Receiver's first
17 report shall be due by the last day of the month after his appointment. These requirements
18 replace any reporting requirements under ORS Chapters 60 or 37.

19 **18. Compensation of Receiver.** The Receiver's compensation during the course of
20 these receivership proceedings shall be \$450 per hour for the services of Kenneth Eiler.

21 **19. Reimbursement Procedure.** The Receiver is authorized to make payment for its
22 fees and costs, and for the fees and costs of its professionals, by filing a notice of intent to
23 compensate professionals and serving such notice, together with a reasonably detailed
24 description of the time periods, services and amount requested on the special notice list
25 maintained pursuant to ORS 37.160. If no party in interest objects to such accounting within 10
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1 calendar days of its filing and service, the fees and costs shall be deemed approved as being fully
2 and finally earned without further order or leave of the Court.

3 If a party objects, the party must serve a written objection on the Receiver stating the
4 nature and scope of the objection. Upon receipt of an objection, the Receiver and the objecting
5 party must first attempt to resolve the objection through negotiation. If the objection cannot be so
6 resolved, the objecting party may file its objection in Court within 30 days after the date of the
7 objection. Any objection not filed within 30 days after the date of service of the objection is
8 deemed waived. Only those portions of the fees, costs and expenses that are the subject of timely
9 objections will be withheld from payment until the objection is resolved, and all other portions of
10 the fees, costs and expenses will be deemed approved without further order or leave of the Court.
11 The approved fees and costs of the Receiver and its professionals shall be paid from the gross
12 receipts derived from the Estates and shall be a first priority lien on Property of the Estates with
13 priority over all others claiming an interest or lien upon Estate property.

14 **20. Notice.** The Receiver shall comply with the notice requirements of ORS 37.160
15 and 37.170 provided that, for good cause shown, the Receiver may request shortened time on any
16 motion.

17 **21. Further Instructions.** The Receiver may at any time apply to this Court for
18 further or other instructions or for modification of this Order or for further powers necessary to
19 enable the Receiver properly to perform its duties, or for termination of the Receiver's
20 appointment.

21 **22. Defendants' Obligations.** The Defendants and their officers, directors,
22 managers, members, employees, agents, affiliates, and other individuals exercising or claiming to
23 have the power to exercise control over the affairs of Defendants, as applicable, are directed to:

24 (a) cease and desist any operations on behalf of the Defendants except as otherwise
25 requested by the Receiver, notwithstanding the language herein, ordinary course of business
26 operations of the Defendants shall continue by the officers, directors, managers, members,

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1 employees, agents, and affiliates of the Defendants, subject to supervision and/or control by the
2 Receiver;

3 (b) assist and cooperate fully with the Receiver in the administration of the Estates
4 and the discharge of the Receiver's duties, and comply with all orders of the Court;

5 (c) supply to the Receiver information necessary to enable the Receiver to Carry out
6 its duties set forth herein;

7 (d) submit to examination by the Receiver, or by any other person upon order of the
8 Court, under oath, concerning any matter relating to the Receiver's administration of the
9 Estates; and

10 (e) comply with all reasonable instructions of the Receiver in connection with its
11 duties.

12 **23. Other Parties' Obligations.** Defendants and their officers, directors, managers,
13 members, employees, agents, CPAs, affiliates, affiliates, representatives and contractors and
14 subcontractors, if any, and its employees, and all persons with actual or constructive knowledge
15 of this order and their agents and employees, as applicable, shall turn over to the Receiver:

16 (a) Possession of Property of the Estates, including all keys, and the records, books of
17 account, ledgers and all business records for Estate property, operating statements, and all other
18 records, documents, insurance policies and instruments of whatever kind and nature which relate
19 to the operation and control of any part of the Estates, wherever located and in whatever mode
20 maintained;

21 (b) All documents that constitute or pertain to licenses, permits or governmental
22 approvals relating to the Estates;

23 (c) All documents that constitute or pertain to insurance policies, whether currently
24 in effect or lapsed, that relate to the Estates;

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1 (d) All contracts for purchase or sale, leases and subleases, royalty agreements,
2 licenses, purchase orders, assignments, or other agreements of any kind, whether currently in
3 effect or lapsed, that relate to the Estates;

4 (e) Any other record, document, or information that may be needed by or requested
5 by the Receiver;

6 (f) All rents and profits derived from the Estates, wherever and in whatever mode
7 maintained.

8 **24. Receiver Directions Binding.** The Defendants' shareholders, officers, directors,
9 banks, credit unions, financial institutions, credit card processors, insurance agents or
10 underwriters, utility providers, vendors, suppliers, tradesmen, materialmen, service providers,
11 franchisors, taxing agencies, and all government agencies and departments are hereby ordered to
12 take direction from the Receiver regarding the licenses, permits, accounts, and contracts of
13 Defendants as they relate to the Estates. All licenses, permits, accounts, and contracts of
14 Defendants shall remain in full force and effect as they relate to any third party. The
15 commencement of this Receivership shall not form a basis for any third party to terminate, annul,
16 rescind, revoke, suspend, or otherwise frustrate the performance of any such license, permit,
17 account, or contract.

18 **25. Utilities.** Any utility company providing services for the benefit of any of the
19 Estates, including gas, electricity, water, sewer, trash collection, telephone, communications or
20 similar services, shall be prohibited from discontinuing service to the Estates based upon unpaid
21 bills incurred by Defendants. Further, such utilities shall transfer any deposits held by the utility
22 to the exclusive control of the Receiver and shall be prohibited from demanding that the Receiver
23 deposit additional funds in advance to maintain or secure such services.

24 **26. Mail.** The Receiver may direct that mail related to the Estates and their
25 businesses be re-directed to the Receiver.

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1 **27. Insurance.** The Receiver shall determine upon taking possession of Property of
2 the Estates whether, in the Receiver's judgment, there is sufficient insurance coverage. With
3 respect to any insurance coverage in existence or obtained, the Receiver may be named as an
4 additional insured on the policies for the period of the Receivership. If sufficient insurance
5 coverage does not exist, the Receiver shall promptly notify the parties to this lawsuit and shall
6 have 30 calendar days to procure sufficient property and liability insurance on Estate property.
7 The Receiver shall not be responsible for claims arising from the lack of procurement or inability
8 to obtain insurance. The Receiver shall have sole authority to manage, collect, and control any
9 insurance claim and/or any related insurance proceeds.

10 **28. Use of Funds.** The Receiver shall pay only those bills that are reasonable and
11 necessary for the operation and protection of the Estates and shall allocate funds in the following
12 order of priority: Receiver fees and professional fees, the costs and expense of the Estates
13 including payroll (including indirect payroll obligations), utilities, insurance premiums, and
14 general and special taxes or assessments and accounts payable.

15 **29. Stay Against Actions or Proceedings.** The entry of this Order appointing the
16 Receiver shall operate as a stay, applicable to all persons, of all activities enumerated in ORS
17 37.220(1). Without limiting the foregoing, the stay shall apply to:

18 (a) the commencement or continuation, including the issuance or employment of
19 process, of a judicial, administrative, or other action or proceeding against any of the Estates that
20 was or could have been commenced before the entry of the order of appointment;

21 (b) the enforcement, against any Estate property, wherever located, of a judgment
22 obtained before the order of appointment;

23 (c) any act to obtain possession of any Estate property, wherever located, or to
24 interfere with, or exercise control over, such property, including but not limited to any licenses
25 owned by the Defendants and any real property leased by the Defendants;

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1 (d) any act to create, perfect, or enforce any lien or claim against any Estate property,
2 wherever located, except by exercise of a right of setoff, to the extent that the lien secures a claim
3 that arose before the entry of the order of appointment; and

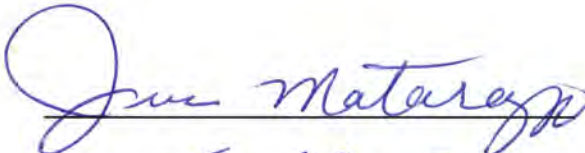
4 (e) any act to collect, assess, or recover a claim against any Property of the Estates,
5 wherever located, that arose before the entry of the order of appointment.

6 The stay shall remain in effect until the earlier to occur of (x) the termination of these
7 receivership proceedings, and (y) entry of an order terminating the stay.

8 **30. Termination of Receivership.** These receivership proceedings shall not be
9 terminated, and the rights and parties subject to this order shall remain in full force, until this
10 Court enters an order terminating these receivership proceedings. Upon discharge, the Court
11 shall also exonerate the Bond. The Receiver's discharge shall release the Receiver from any
12 further duties and responsibilities as Receiver.

13 **31. Jurisdiction.** This Court shall retain jurisdiction over any disputes arising from
14 the order of appointment, these receivership proceedings, or relating to the Receiver's actions
15 therein or to Property of the Estates, which jurisdiction shall be exclusive, and shall survive the
16 termination of this receivership.

17
18 **IT IS SO ORDERED**

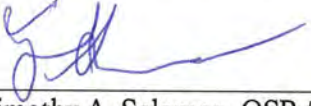
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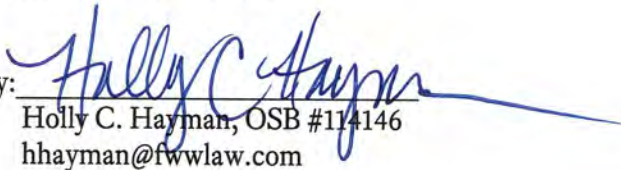
Presented By:

LEONARD LAW GROUP LLC

By: 
Timothy A. Solomon, OSB #072573
tsolomon@LLG-LLC.com
Attorneys for Plaintiff

SO STIPULATED:

FARLEIGH WADA WITT

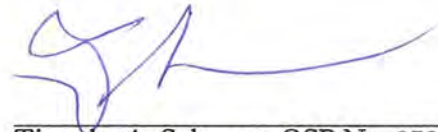
By: 
Holly C. Hayman, OSB #114146
hhayman@fwwlaw.com
Attorneys for Defendants

CERTIFICATE OF READINESS
(UTCR 5.100(2))

This proposed order or judgment is ready for judicial signature because:

- Each opposing party affected by this order or judgment has stipulated to the order or judgment, as shown by each opposing party's signature on the document being submitted.
- Each opposing party affected by this order or judgment has approved the order or judgment, as shown by signature on the document being submitted or by written confirmation of approval sent to me.
- I have served a copy of this order or judgment on all parties entitled to service, and:
- No objection has been served on me.
- I received objections that I could not resolve with the opposing party despite reasonable efforts to do so. I have filed a copy of the objections I received and indicated which objections remain unresolved.
- After conferring about objections, [role and name of opposing party] agreed to independently file any remaining objection.
- The relief sought is against an opposing party who has been found in default.
- An order of default is being requested with this proposed judgment.
- Service is not required pursuant to subsection (3) of this rule, or by statute, rule, or otherwise.
- This is a proposed judgment that includes an award of punitive damages and notice has been served on the Director of the Crime Victims' Assistance Section as required by subsection (4) of this rule.

DATED: May 23, 2023



Timothy A. Solomon, OSB No. 072573
Attorney for Plaintiffs

TAB J

THIS IS EXHIBIT "J" REFERRED TO IN THE
AFFIDAVIT OF SCOTT SECORD, SWORN
BEFORE ME OVER VIDEO CONFERENCE THIS
JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

CHALICE BRANDS, LTD., a Canadian corporation,

Plaintiff,

v.

GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company,

Defendants.

Case No. 23CV20696

SECURED CREDITORS ALICIA SMITH, JILLIAN SMITH, AND MARCENA SORRELS’ MOTION FOR RELIEF FROM STAY AND MEMORANDUM IN SUPPORT

(Oral Argument Requested)

EXPEDITED CONSIDERATION REQUESTED

UTCR 5.050 REQUEST FOR ORAL ARGUMENT

Pursuant to UTCR 5.050, Creditors Alicia Smith, Jillian Smith, and Marcena Sorrels¹ (together, “Lenders”) request oral argument on this Motion For Relief from Stay and Memorandum in Support (“Motion”). Counsel for Lenders estimates that up to 45 minutes will be required for oral argument. Official court reporting services are requested.

¹ Secured creditor Sorrels Investments, LLC assigned all of its interest in the Secured Promissory Note at issue to Marcena Sorrels.

MOTION

1
2 Pursuant to ORS 37.220 (3), for good cause shown, Lenders file this Motion for an order
3 lifting the stay and authorizing them to foreclose on their collateral under a Security Agreement
4 with Plaintiff Chalice Brands Ltd. (“Chalice”)², and Greenpoint Holdings Delaware, Inc.
5 (“Greenpoint”), which includes five retail marijuana dispensaries licensed by the Oregon Liquor
6 and Cannabis Commission (“OLCC”) and all inventory and proceeds from those dispensaries.
7 Lenders, who sold a chain of five retail marijuana dispensaries to Plaintiff and Greenpoint,
8 represent a significant secured creditor of Chalice; Chalice and its wholly owned subsidiary,
9 Greenpoint, have defaulted under a promissory note and owe Lenders \$1,896,411.
10

11 Under ORS 37.100 (1), Lenders additionally move the Court for relief in the form of an
12 order requiring Chalice to take all necessary actions to assist Lenders in taking possession of the
13 Collateral (as defined below).
14

15 In the alternative, pursuant to ORS 37.100 and the Court’s exclusive jurisdiction over all
16 estate property, ORS 37.100 (1), ORS 37.030 (14), and ORS 37.030 (18), Lenders ask this
17 Court to enforce the Security Agreement signed by Chalice and Greenpoint and find that SMS
18 Ventures, LLC (“SMS”) holds bare legal title to the Collateral for the benefit of Greenpoint and
19 Chalice, Chalice and Greenpoint hold equitable title to the Collateral, and order that Lenders
20 have a perfected first priority security interest in the Collateral (including the Licenses).
21

MEMORANDUM**I. Legal Standard**

22 Pursuant to ORS 37.220 (3), “[a] person whose action or proceeding is stayed may move
23 the court for relief from the stay, and the court shall grant such relief for good cause shown.”
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² On or about May 25, 2021, Golden Leaf Holdings Ltd. changed its name to Chalice Brands Ltd.

1 ORS 37.110 (2) authorizes the court to “limit, expand, or modify the powers conferred by the
2 court on the receiver at any time.” *See also* ORS 37.120 (4), (“[t]he court may limit, expand, or
3 modify duties imposed by the court on a receiver at any time.”)

4 ORS 37.030 (14) defines “property” as “all right, title and interests, both legal and
5 equitable, in or with respect to any property with respect to which a receiver is appointed,
6 including any proceeds, products, offspring, rents or profits, regardless of the manner by which
7 the property has been or is acquired.”

8 Under ORS 37.030 (18), a “security interest” is “a lien created by agreement.”

9 ORS 37.100 (1) provides this Court with “exclusive jurisdiction” (b) over “all real
10 property and all tangible and intangible personal property constituting the estate, wherever
11 located” and (c) “to determine all controversies relating to the collection, preservation,
12 application and distribution of the estate . . .”

13 II. Facts

14 Chalice and Greenpoint financed a portion of their purchase with a \$1,750,000 loan
15 from Lenders and signed a Promissory Note (“Note”) and Security Agreement and Membership
16 Purchase Agreement in favor of Lenders on May 19, 2021. Declaration of Allison Bizzano
17 (“Bizzano Decl.”) ¶ 2, Ex. 1.

18 Under Section 1.3 of the Security Agreement, Chalice and Greenpoint are collectively
19 defined as “Debtor” and own the Collateral (which includes the Licenses) and “Debtor’s
20 completed OLCC applications.” *Id.*, Ex. 1.

21 Section 1.3 of the Security Agreement further provides that the Collateral securing
22 performance under the Note includes: (a) five OLCC licenses with the following license
23 numbers as of the date of execution of the Security Agreement: 1016995D03E, 11016993F313,
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1 10169922BD5, 1016990CA13, and 10169911EE0, (collectively, the “Licenses”); (b) all
2 inventory and finished goods in the possession, custody, or control of Chalice and Greenpoint
3 arising from, derived from, and/or related to the Licenses (together, “Inventory”) located on the
4 Premises of the Licenses; and (c) all proceeds of/from any of the Inventory, including money
5 and deposit accounts (the “Proceeds” and collectively with the Licenses and the Inventory
6 referred to as the “Collateral”). *Id.*

7 Under Section 2.1 of the Security Agreement, Chalice and Greenpoint granted Lenders
8 “a first position security interest in the Collateral,” in the event of a default as security for their
9 payment and performance under the Note. *Id.*, Ex. 1.

10 Section 2.2(b) of the Security Agreement requires Chalice and Greenpoint to assist
11 Lenders in taking possession of the Collateral including, but not limited to, cooperation with
12 OLCC pursuant to Oregon Administrative Rule 845-025-1260, *et al.*

13 Under Section 2.2(f) of the Security Agreement, upon Lenders’ request, Chalice and
14 Greenpoint must take any other actions that Lenders deem reasonably necessary to perfect and
15 continue their security interest in the Collateral.

16 Section 4.1 of the Security Agreement provides that Chalice and Greenpoint are required
17 to keep the Collateral free from all encumbrances except those in favor of Lenders,
18 encumbrances arising by operation of law, and statutory and nonconsensual encumbrances.

19 Under Section 4.7 of the Security Agreement, Chalice and Greenpoint are required to
20 notify Lenders within five days if anyone other than Chalice, Greenpoint, or one of their lessees
21 of the Collateral takes possession of Collateral.

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1 As part of the purchase and sale transaction, Marcena Sorrels signed five OLCC Change
2 of Ownership forms whereby SMS would surrender its existing licenses and OLCC would issue
3 new licenses to the applicant, listed as “Greenpoint Holdings Delaware, Inc.” *Id.* ¶ 3, Ex. 2.

4 Following closing of the sale transaction between Lenders and Chalice and Greenpoint
5 as buyers, Lenders filed UCC financing statements against Greenpoint and Chalice, listing the
6 Collateral, including each OLCC license number for the Licenses. Bizzano Decl. ¶ 4, Ex. 3.

7 Chalice and Greenpoint defaulted on the Note and, as of May 1, 2023, Greenpoint and
8 Chalice owe Lenders \$1,896,411 under the Note, plus interest. *Id.*; *see also* Exs. 1, 7.

9 Lenders filed a breach of contract action with American Arbitration Association
10 (“AAA”) against Chalice and Greenpoint on August 8, 2022, which they terminated on May 3,
11 2023 after Greenpoint stopped paying rent on one of the Licensed properties. *Id.* ¶ 5, Ex. 4.
12 Chalice and Greenpoint did not deny in the arbitration that Lenders hold a first priority security
13 interest in the Collateral under the Security Agreement. *Id.*

14 The arbitrator ordered that Lenders were authorized to file a judicial foreclosure action
15 in Multnomah County Circuit Court after the termination of arbitration. *See id.*, Ex. 4. Chalice
16 and Greenpoint opposed Lenders’ motion but did not take the position that Lenders were not
17 first priority secured creditors. *Id.* After terminating the arbitration, Lenders served a
18 Notification of Disposition of Collateral on Chalice, Greenpoint, and junior creditors under
19 ORS 79.0613 and contacted OLCC to obtain temporary authority to operate the Licenses as a
20 secured party, as authorized under Oregon statute and administrative rules.³ *Id.* ¶ 6.
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24 _____
25 ³ Under ORS 475C (ttt), among other things “secured party” means: “a person in whose favor a security interest is
26 created or provided for under a security agreement, whether or not any obligation to be secured is outstanding.”
Under ORS 475C (uuu), “security agreement means an agreement that creates or provides for a security interest.”
Under OAR 845-025-1260, before granting a secured creditor temporary authority to operate a marijuana business,
OLCC requires a secured party to provide “proof of a security interest in the licensed business”; proof of default on

III. Argument

A. “Good Cause” Exists To Lift The Stay.

Oregon’s Receivership Code does not define “good cause.” Similarly, neither “good cause” nor “cause” is defined in the U.S. Bankruptcy Code. The Ninth Circuit has held that bankruptcy courts must decide whether “cause” exists on a case by case basis. *See In re MacDonald*, 755 F2d 715, 717 (9th Cir 1985); *In re Tucson Estates, Inc.*, 912 F2d 1162, 1165 (9th Cir 1990). The Ninth Circuit has also held that bankruptcy courts have “wide latitude” to grant relief from the automatic stay. *In re Kissinger*, 72 F3d 107, 109 (9th Cir 1995) (internal citations omitted).

Bankruptcy courts have found “good cause” to lift the stay to permit the movant to bring an action against the debtor when the movant would suffer hardship due to debtor’s alleged prepetition wrongful conduct without having its “day in court.” *In re America West Airlines*, 148 BR 920, 923 (Bankr D Ariz 1993) (finding “good cause” to lift the stay to allow an employee to pursue a sexual harassment claim against debtor).

Courts have lifted or modified the automatic stay for “good cause” to allow pending litigation to proceed where allegations of fraud were raised by the moving party. *In re 343 E. 43rd St. Holding Corp.*, 46 BR 562, 562-63 (Bankr D SDNY 1985) (finding “good cause” to lift the stay for discovery to proceed in a civil action against debtor in light of allegations of rent fraud).

1. Lenders Seek Relief From Stay For “Good Cause” Due To Chalice’s Wrongful Conduct, Including The Filing Of Its May 22, 2023 UCC Financing Statement,

the debt; proof of legal access to the licensed premises; and a written request to operate as a secured party with an address and phone number. ORS 475C.025 relies on the definition of “secured party” as it is defined in ORS 79.0102, which means a

1 **Omitting Greenpoint As A Party To This Action, And Its False And Misleading**
2 **Allegations In The Complaint And Stipulated Motion For Appointment Of A**
3 **Receiver.**

4 Here, Lenders can establish “good cause” for relief from the stay as a result of Chalice’s
5 conduct before and since filing this action. Chalice (and Greenpoint) violated the Security
6 Agreement by failing to hold the Licenses in the name of Chalice or Greenpoint and did not
7 notify Lenders that the Licenses were transferred to SMS.

8 After defaulting on its obligations to Lenders, Chalice filed a Complaint in this action on
9 May 22, 2023 for breach of contract and appointment of a receiver, listing \$35,000,000 in
10 purported debt owed to it by wholly owned subsidiaries of Greenpoint. While the Complaint
11 alleges that Chalice owns 100% of Greenpoint and Greenpoint owns 100% of each of the
12 defendant entities, including SMS, Chalice intentionally omitted Greenpoint as a defendant in
13 this action in order to mislead the Court regarding Lenders’ status as a creditor to its wholly
14 owned subsidiary and Lenders’ security interest in the Licenses.

15 Only *hours before* filing the Complaint in this action, on May 22, 2023, Chalice
16 improperly filed a UCC financing statement against SMS Ventures LLC, listing all of the
17 Licenses as collateral for a purported debt, in violation of the Security Agreement. Bizzano
18 Decl. ¶ 8, Ex. 6. Chalice’s action violates Section 4.1 of the Security Agreement. *See* Ex. 1. It is
19 noteworthy that Chalice, the sole owner of Greenpoint, which owns 100% of the defendants, is
20 the *only* purported secured creditor of SMS as of May 31, 2023. *Id.* ¶ 9, Ex. 7.

21 Chalice improperly alleges in its Complaint, for the first time and in violation of the
22 Security Agreement, that SMS holds title to the Licenses and Lenders have no security interest
23 in the Licenses – despite the clear and contrary language in Section 4.1 of the Security
24 Agreement executed by Chalice (and Greenpoint).
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1 In the Stipulated Motion and Memorandum in Support for Appointment of a Receiver
2 (“Receivership Motion”), Chalice and the Defendants jointly allege that Lenders have no direct
3 debtor-creditor relationship with any of the defendants; none of the defendants has signed any
4 security agreements with or in favor of Lenders; and Lenders have not filed any UCC financing
5 statements against Defendants. These allegations are designed to mislead the Court because
6 Chalice wrongfully suggests that Lenders have no security interest in the Licenses or Collateral
7 when Greenpoint and Chalice, against whom Lenders filed financing statements, failed to hold
8 the Licenses in either of their names as required under the Security Agreement. Moreover,
9 Chalice intentionally omitted Greenpoint as a party in this action when filing the Complaint.
10

11 One day after filing its Complaint for the appointment of receiver in this Court, on May
12 23, 2023 Chalice filed an Application for Relief under the Companies’ Creditors Arrangement
13 Act in Ontario, Canada (the “Canadian bankruptcy”) in which Greenpoint *is* included as a party
14 and Lenders are listed as creditors. *Id.* ¶ 7, Ex. 5.
15

16 Had Chalice properly included Greenpoint as a defendant in this action – as it did in the
17 Canadian bankruptcy – there would be no question that Lenders are a secured creditor of
18 Greenpoint under Oregon law, including ORS 37.030 (18), which defines a “security interest”
19 as “a lien created by agreement” and ORS Chapter 475C, which regulates the marijuana
20 industry. ORS 475C (ttt) provides, among other things that “secured party” means: “a person in
21 whose favor a security interest is created or provided for under a security agreement, whether or
22 not any obligation to be secured is outstanding.” Under ORS 475C (uuu), “security agreement
23 means an agreement that creates or provides for a security interest.”
24

25 The following wrongful conduct by Chalice provides this Court with “good cause” to lift
26 the stay as to the Licenses: failing to hold the Licenses in its name or Greenpoint’s name;

1 refusing to recognize Lenders' first priority security interest in the Collateral in violation of the
2 Security Agreement; filing a UCC financing statement against SMS only hours before filing this
3 action in which it included the Licenses as collateral for a purported debt to Chalice – in
4 violation of the Security Agreement; intentionally omitting Greenpoint as a defendant in this
5 action to mislead the Court; and alleging that Lenders have no security interest in the Licenses.
6 This Court should not reward Chalice for its wrongful behavior and should lift the stay as to the
7 Licenses.
8

9 **2. Lenders Are Not Adequately Protected Due To The Receiver's Actions.**

10 On June 22, 2023, the receiver set a claims bar date and provided creditors with a proof
11 of claim form, which requires creditors to select one of the defendants when filing a proof of
12 claim.

13 Chalice's intentional omission of Greenpoint as a defendant misleads this Court and
14 prevents creditors such as Lenders from filing a proof of claim in this receivership. Chalice and
15 the receiver have taken the position that Lenders have no security interest in the Licenses and
16 are not creditors of any of the defendants in this action. However, despite Chalice's allegations
17 in this action, the actions of Chalice and the receiver evidence their belief that Lenders *do* have
18 a security interest in the Collateral, as they have served Lenders with all pleadings in this action
19 and receiver has even listed Lenders as "secured creditors" in the certificate of service for each
20 filing in this case.
21

22 Here, the actions of Chalice and the receiver make it clear that, without relief from this
23 Court under ORS 37.220 (3), Lenders will be harmed because Chalice and the receiver have
24 refused to recognize Lenders' first priority security interest in the Licenses.
25
26

1 Moreover, Lenders are not adequately protected because the receiver appears to lack the
 2 necessary expertise in the highly regulated cannabis industry, as evidenced by the recent filing
 3 of a series of motions to reject defendants’ leases, which jeopardized two of the Licenses
 4 serving as Lenders’ collateral (i.e., Liberty and Beaverton leases), which were withdrawn. *See*
 5 OAR 845-025-8520 (failing to maintain access to licensed premises is a category I or II
 6 violation and may result in immediate suspension or cancellation of the license).

7
 8 Without relief from stay, Lenders will suffer hardship and will have no remedy. Without
 9 relief from stay, Chalice will be rewarded for wrongfully violating the Security Agreement in
 10 countless ways and filing this receivership action in a way that intentionally misleads the Court
 11 and prioritizes its own purported debt over the debt its subsidiaries owe third parties, including
 12 its wholly owned subsidiary that it wrongfully omitted as a party to this action.

13 **III. Conclusion**

14 For the foregoing reasons, this Court should lift the stay under ORS 37.220 (3) for
 15 “good cause shown.” If such relief is granted, Lenders seek an order for Chalice to take all
 16 necessary actions to assist Lenders in taking possession of the Collateral, as required under the
 17 Security Agreement.
 18

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1 In the alternative, if this Court does not grant relief from stay, it should exercise its
2 equitable powers and exclusive authority under ORS 37.100(1)(b) and (c) to control all property
3 constituting the estate and determine all controversies relating to the preservation, application,
4 and distribution of the estate and find that SMS Ventures, LLC (“SMS”) holds bare legal title to
5 the Collateral for the benefit of Greenpoint and Chalice, Chalice and Greenpoint hold equitable
6 title to the Collateral, and Lenders have a perfected first priority security interest in the
7 Collateral (including the Licenses).
8

9 DATED: June 30, 2023

Respectfully submitted,

10 s/ Allison C. Bizzano

Allison C. Bizzano, OSB 052014

11 Nicole C. Gossett-Roxbury, OSB 173590

12 Lotus Law Group, LLC

2 Centerpointe Drive, Suite 345

13 Lake Oswego, OR 97035

Phone: (503) 606-8930

14 Fax: (503) 606-8539

allison@lotuslawgroup.com

15 nicole@lotuslawgroup.com

16 *Attorneys for Secured Creditors Alicia Smith,*

Jillian Smith, and Marcena Sorrels

CERTIFICATE OF SERVICE

I certify that on the date set forth below I caused to be served a true and correct copy of
 SECURED CREDITORS ALICIA SMITH, JILLIAN SMITH, AND MARCENA SORRELS'
 MOTION FOR RELIEF FROM STAY AND MEMORANDUM IN SUPPORT on:

<p>Timothy A. Solomon, Esq. Leonard Law Group LLC 4110 SE Hawthorne Blvd, PMB 506 Portland, OR 97214 tsolomon@llg-llc.com <i>Attorney for Plaintiff</i></p>	<p>Holly C. Hayman, Esq. Farleigh Wada Witt 121 SW Morrison Street, Suite 600 Portland, OR 97204 hhayman@fwwlaw.com <i>Attorney for Defendants</i></p>
<p>Jesse Mondry, Esq. Kathleen Biddle, Esq. Vincent Sliwoski, Esq. HARRIS BRICKEN 511 SE 11th Avenue, Suite 201 Portland, OR 97214 jesse@harrisbricken.com kathleen@harrisbricken.com vince@harrisbricken.com <i>Attorney for Kush Originals, LLC, judgment creditor for Chalice entities CF Bliss LLC and CFA Farms LLC</i></p>	<p>Kathryn Esaw, Esq. Shawn Irving, Esq. Osler, Hoskin & Harcourt LLP 100 King Street West 1 First Canadian Place Suite 6200 PO Box 50 Toronto, ON M5X 1B8 Canada kesaw@osler.com sirving@osler.com <i>Attorneys for Chalice Brands LTD (Canadian Proceeding)</i></p>
<p>Nathan Q. Rugg, Esq. Joseph D. Lambert, Esq. Barack Ferrazzano Kirschbaum & Nagelberg 200 West Madison Street, Suite 3900 Chicago, IL 60606 nathan.rugg@bfkn.com joe.lambert@bfkn.com <i>Attorneys for Landlord Aventine Property Group</i></p>	<p>Daniel J. Garfield, Esq. Fairfield and Woods P.C. 1801 California Street, Suite 2600 Denver, CO 80202-2645 dgarfield@fwlaw.com <i>Attorney for High Street Capital Partners, LLC, Creditor</i></p>

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1 2 3 4 5 6	Ava Schoen, Esq. Danny Newman, Esq. Tonkon Torp LLP 888 SW Fifth Avenue, Suite 1600 Portland, OR 97204 ava.schoen@tonkon.com danny.newman@tonkon.com <i>Attorneys for Mike Genovese and William Simpson, Creditors</i>	David W. Criswell Andrew J. Geppert Lane Powell PC 601 SW Second Avenue, Suite 2100 Portland, OR 97204 criswelld@lanepowell.com gepperta@lanepowell.com <i>Attorneys for Receiver Kenneth S. Eiler</i>
7 8 9	USGAI 1190 N Carrol Ave Southlake, TX 76092 <i>Creditor</i>	Security State Bank & Trust 201 W Main Street Fredericksburg, TX, 78624 <i>Creditor</i>
10 11 12 13	APG McLoughlin 2, LLC Aventine Prop Group 111 S. Wacker Drive Suite 3350 Chicago, IL 60606 <i>Creditor</i>	Lauren B. Bernton, Esq. Tonkon Torp LLP 888 SW Fifth Avenue, Suite 1600 Portland, OR 97204 lauren.bernton@tonkon.com <i>Attorney for Bobsled Extracts, LLC</i>
14 15 16 17 18	Dave Roth, Esq. Heltzel Williams PC 117 Commercial Street NE, Fourth Floor PO Box 1048 Salem, OR 97308-1048 dave@heltzel.com <i>Attorney for L&S Davis Family Trust, Creditor</i>	Daniel Shouldice, Esq. McMillan LLP Royal Centre, 1055 W. Georgia St. Suite 1500 PO Box 11117 Vancouver, BC V6E 4N7 Canada daniel.shouldice@mcmillan.ca <i>Attorney for Gary Zipfel</i>
19 20 21 22	Mike Genovese 3300 NW 185th Avenue, #163 Portland, OR 97229 <i>Creditor</i>	William Simpson P.O. Box 510 Lawai, HI 19765 <i>Creditor</i>
23 24 25 26	Yamhill County 535 NE 5th St, Room 42 McMinnville, OR 97128 <i>Creditor</i>	Gary Zipfel 1551 Penstemon Court Grayslake, IL 60030 <i>Creditor</i>

///

1 Penny Hays, Bankruptcy Specialist 2 Internal Revenue Service 3 915 2nd Ave MS W244 4 Seattle WA 98174 penny.k.hays@irs.gov	PNW Sunshine Group L.L.C. 5821 Blanco Ct. S Salem, OR 97306 marcena@sorrelscpa.com <i>Landlord under Lease (Beaverton)</i>
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By the following method(s):

by **mailing** a full, true, and correct copy in a sealed, first-class postage-prepaid envelope, addressed to all parties listed above.

by **emailing** a full, true, and correct copy to the person at the email address listed above.

DATED: June 30, 2023

s/ Allison C. Bizzano
 Allison C. Bizzano, OSB 052014
 Nicole C. Gossett-Roxbury, OSB 173590
 Lotus Law Group, LLC
 2 Centerpointe Drive, Suite 345
 Lake Oswego, OR 97035
 Phone: (503) 606-8930
 Fax: (503) 606-8539
 allison@lotuslawgroup.com
 nicole@lotuslawgroup.com
*Attorneys for Secured Creditors Alicia Smith,
 Jillian Smith, and Marcena Sorrels*

TAB K

THIS IS EXHIBIT "K" REFERRED TO IN THE
AFFIDAVIT OF SCOTT SECORD, SWORN
BEFORE ME OVER VIDEO CONFERENCE THIS
JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

CHALICE BRANDS, LTD., a Canadian corporation,

Plaintiff,

v.

GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company,

Defendants.

Case No. 23CV20696

MOTION FOR EXPEDITED CONSIDERATION OF SECURED CREDITORS ALICIA SMITH, JILLIAN SMITH, AND MARCENA SORRELS' MOTION FOR RELIEF FROM STAY

Pursuant to ORS 37.220(3), Secured Creditors Alicia Smith, Jillian Smith, and Marcena Sorrels (together, "Secured Creditors") hereby move the Court for an expedited hearing on their Motion for Relief from Stay and Memorandum in Support (the "Motion for Relief") filed on June 30, 2023. This Motion for Expedited Consideration is supported by the Declaration of Allison C. Bizzano ("Bizzano Decl.").

To avoid injustice and for the reasons explained in this Motion and the Motion for Relief, Secured Creditors respectfully request that the Motion for Relief is heard on or before July 17, 2023.

1 As set forth in the Certificate of Service attached to this Motion, Secured Creditors have
2 served the Motion for Relief and this Motion to all known creditors and all other parties in
3 interest in this action of which they are aware.

4 As more fully set forth in Secured Creditors' June 30, 2023 Motion for Relief, the relief
5 sought is urgent and time sensitive. Secured Creditors are not adequately protected due to the
6 actions of Plaintiff Chalice Brands, Ltd. ("Plaintiff") and the Receiver.

7 After the May 23, 2023 appointment of the Receiver, the Receiver filed a Motion for
8 Approval of Bid Procedures, which laid out the Receiver's timeline to obtain bids for
9 Defendants' assets, including the five Oregon Liquor and Cannabis Commission recreational
10 retail marijuana licenses at issue in the Motion for Relief and their inventory and proceeds
11 (collectively, the "Licenses") and hold a hearing for the Court to approve the sale of the
12 Licenses and other assets. *See* June 12, 2023 Order Approving Bid Procedures. At the hearing
13 on the Receiver's Motion for Approval of Bid Procedures, the Court scheduled a hearing on
14 July 20, 2023 to hear the Receiver's to-be-filed motion for approval of the sale of the Licenses.
15 Bizzano Decl. ¶ 2.

16 After the Receiver filed a Motion for Approval of Bid Procedures, undersigned counsel
17 spoke with Plaintiff's counsel in an attempt to resolve Secured Creditors' concerns raised in the
18 Motion for Relief. *Id.* ¶ 3. However, despite Plaintiff's obligations under the Security
19 Agreement to acknowledge and agree that Secured Creditors have a first priority security
20 interest in the Licenses, it has refused to do so. *Id.* Here, the only other purported secured
21 creditor against the entity holding the Licenses is Plaintiff, who purported to file a UCC
22 financing statement several hours before filing this receivership action. *Id.*

1 Similarly, and without success, undersigned counsel also spoke with Receiver's counsel
2 regarding the issues raised in Secured Creditor's Motion for Relief. *Id.* ¶ 4. Receiver's counsel
3 refused to acknowledge that Secured Creditors have a superior lien position in the Licenses over
4 Plaintiff – or any security interest in the Licenses. *Id.* As a result, Secured Creditors were left
5 with no option other than to seek relief from the automatic stay imposed under Oregon law and
6 obtain counsel in Canada, where Plaintiff has filed a companion bankruptcy action. *See Id.* ¶ 3.

7
8 As a result of the quick and expedited nature of this action imposed by the Receiver and
9 Plaintiff and Secured Creditors' good faith attempts to confer with the Receiver and Plaintiff,
10 Secured Creditors have moved as quickly as possible to employ Canadian counsel and file their
11 Motion for Relief. However, due to the current expedited deadlines and hearing on the to-be-
12 filed motion for approval of the sale of the Licenses, to avoid injustice, it is necessary for
13 Secured Creditors' Motion for Relief to be heard and considered by the Court prior to the July
14 20, 2023 hearing on the Receiver's to-be-filed motion.

15
16 Therefore, Secured Creditors respectfully request that the Motion for Relief is heard by
17 the Court on or before July 17, 2023.

18 DATED: July 6, 2023

19 s/ Allison C. Bizzano
20 Allison C. Bizzano, OSB 052014
21 Nicole C. Gossett-Roxbury, OSB 173590
22 Lotus Law Group, LLC
23 2 Centerpointe Drive, Suite 345
24 Lake Oswego, OR 97035
25 Phone: (503) 606-8930
26 Fax: (503) 606-8539
allison@lotuslawgroup.com
nicole@lotuslawgroup.com
*Attorneys for Secured Creditors Alicia Smith,
Jillian Smith, and Marcena Sorrels*

CERTIFICATE OF SERVICE

I certify that on the date set forth below I caused to be served a true and correct copy of
 MOTION FOR EXPEDITED CONSIDERATION OF SECURED CREDITORS ALICIA
 SMITH, JILLIAN SMITH, AND MARCENA SORRELS' MOTION FOR RELIEF FROM
 STAY on:

<p>Timothy A. Solomon, Esq. Leonard Law Group LLC 4110 SE Hawthorne Blvd, PMB 506 Portland, OR 97214 tsolomon@llg-llc.com <i>Attorney for Plaintiff</i></p>	<p>Holly C. Hayman, Esq. Farleigh Wada Witt 121 SW Morrison Street, Suite 600 Portland, OR 97204 hhayman@fwlaw.com <i>Attorney for Defendants</i></p>
<p>Jesse Mondry, Esq. Kathleen Biddle, Esq. Vincent Sliwoski, Esq. HARRIS BRICKEN 511 SE 11th Avenue, Suite 201 Portland, OR 97214 jesse@harrisbricken.com kathleen@harrisbricken.com vince@harrisbricken.com <i>Attorney for Kush Originals, LLC, judgment creditor for Chalice entities CF Bliss LLC and CFA Farms LLC</i></p>	<p>Kathryn Esaw, Esq. Shawn Irving, Esq. Osler, Hoskin & Harcourt LLP 100 King Street West 1 First Canadian Place Suite 6200 PO Box 50 Toronto, ON M5X 1B8 Canada kesaw@osler.com sirving@osler.com <i>Attorneys for Chalice Brands LTD (Canadian Proceeding)</i></p>
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DATED: July 6, 2023

s/ Allison C. Bizzano
 Allison C. Bizzano, OSB 052014
 Nicole C. Gossett-Roxbury, OSB 173590
 Lotus Law Group, LLC
 2 Centerpointe Drive, Suite 345
 Lake Oswego, OR 97035
 Phone: (503) 606-8930
 Fax: (503) 606-8539
 allison@lotuslawgroup.com
 nicole@lotuslawgroup.com
*Attorneys for Secured Creditors Alicia Smith,
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Commissioner for Taking Affidavits

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IN THE CIRCUIT COURT OF THE STATE OF OREGON
FOR THE COUNTY OF MULTNOMAH

CHALICE BRANDS, LTD., a Canadian corporation,

Plaintiff,

v.

GREENPOINT OREGON, INC., an Oregon corporation; GREENPOINT EQUIPMENT LEASING, LLC, an Oregon limited liability company; CFA RETAIL LLC, an Oregon limited liability company; SMS VENTURES LLC, an Oregon limited liability company; and CF BLISS LLC, an Oregon limited liability company,

Defendants.

Case No. 23CV20696

**RECEIVER’S OBJECTION TO
(I) MOTION FOR RELIEF FROM STAY
AND (II) MOTION FOR EXPEDITED
CONSIDERATION**

(Judge David F. Rees)

I. OBJECTION

Kenneth S. Eiler, the court-appointed receiver in this action (the “**Receiver**”), through undersigned counsel, submits this Objection to (i) Secured Creditors Alicia Smith, Jillian Smith, and Marcena Sorrels’ Motion for Relief from Stay (the “**Motion for Relief from Stay**”) and (ii) Motion for Expedited Consideration of same (the “**Motion for Expedited Consideration**”), which were filed on June 30, 2023 and July 6, 2023, respectively. The movants are referred to in this Objection as the “**Homegrown Creditors.**”

The Receiver is in active negotiations with a potential purchaser for substantially all of the assets of the Receivership Estate. The Receiver expects to file a motion for authority to sell assets of the Receivership Estate on terms set forth in a detailed term sheet imminently. Once a potential sale is noticed, the Homegrown Creditors will have an opportunity to evaluate the proposed sale

1 and potential recovery thereunder and determine whether to proceed with their Motion for Relief
2 from Stay. A hearing on their Motion for Relief from Stay prior to the Receiver filing his sale
3 motion is inappropriate.

4 Additionally, the Homegrown Creditors do not have a lien on the Collateral (as defined in
5 the Motion for Relief from Stay) for two reasons. First, the Collateral is owned by SMS Ventures,
6 LLC (“**SMS Ventures**”), and there is neither (i) a security agreement under which SMS Ventures
7 granted to the Homegrown Creditors a security interest in the Collateral nor (ii) any financing
8 statement filed against SMS Ventures perfecting a security interest in the Collateral. In other
9 words, there is no evidence of attachment *or* perfection of a security interest in SMS Ventures’
10 assets by the Homegrown Creditors.

11 Second, even if SMS Ventures had purported to grant a security interest in the Collateral
12 to the Homegrown Creditors, and the Homegrown Creditors had perfected such security interest,
13 the Collateral—which consists primarily of five cannabis retail licenses and proceeds thereof—is
14 not property that may be subject to a security interest under Oregon law.

15 Finally, the Homegrown Creditors do not even appear to have a *claim* against the
16 Receivership Estate as no entity in receivership is an obligor under the Homegrown Creditors’
17 loan and security documents. Accordingly, the Homegrown Creditors do not have standing to
18 seek relief from the stay imposed by ORS 37.220.

19 **A. Expedited Consideration of the Motion for Relief from Stay Is Not Appropriate.**

20 The Receiver is statutorily tasked with maximizing value of the Receivership Estate for all
21 stakeholders thereof. The Receiver is currently negotiating what is in his business judgment a
22 value maximizing transaction for the Receivership Estate and its beneficiaries. Because the terms
23 of the sale are not yet final, the Receiver is not in a position to notice the sale. Nevertheless, the
24 Receiver expects to notice the sale in the very near-term. Consideration of the Homegrown
25 Creditors’ Motion for Relief from Stay on an expedited basis would potentially impair the
26 Receiver’s ability to negotiate sale terms as certain of the Collateral in which the Homegrown
27 Creditors assert a security interest is included in the potential sale.

1 Additionally, delaying consideration of the Homegrown Creditors' Motion for Relief from
2 Stay to permit the ordinary notice period prescribed under UTCR 5.030 would not prejudice the
3 Homegrown Creditors because they could raise the arguments set forth in their Motion for Relief
4 from Stay in any objection to the Receiver's sale motion (to the extent they elect to object after
5 reviewing the proposed sale terms).

6 **B. The Homegrown Creditors Do Not Have A Valid Security Interest In the Collateral.**

7 The Receiver was appointed pursuant to the Order Appointing Receiver signed by the
8 Court on May 23, 2023. The Receiver has no personal knowledge of the extensive background
9 facts set forth in the Motion for Relief from Stay regarding a seller-financed asset purchase
10 transaction between Plaintiff Chalice Brands Ltd. (“**Chalice**”) and Greenpoint Holdings Delaware,
11 Inc. (“**Greenpoint**”) as buyers and the Homegrown Creditors as sellers. Further, the Receiver has
12 no personal knowledge of the apparent dispute between Chalice, Greenpoint, and the Homegrown
13 Creditors and the resulting arbitration that is described in the Motion for Relief from Stay.
14 Therefore, this Objection does not address and/or otherwise respond to such allegations.

15 That said, there exists no basis in law to recognize a lien on SMS Ventures' assets in favor
16 of the Homegrown Creditors because (i) no valid grant of a security interest by SMS Ventures
17 exists and (ii) no financing statement has been filed by the Homegrown Creditors against SMS
18 Ventures. The Oregon Supreme Court has held that “[a] creditor who has no lien at the time the
19 receiver is appointed cannot after such appointment obtain a lien on the property in the receiver's
20 hands and thereby gain a preference over other creditors entitled to share equitably in the
21 distribution of the estate.” *Hoebet v. Westwood Lumber Co.*, 170 Or 423, 438 (1943). Based on
22 all facts available to the Receiver, the Homegrown Creditors do not have a lien on any assets of
23 the Receivership Estate.

24 Under bankruptcy law—which courts frequently look to for guidance as an analog to
25 receivership law—a purported secured creditor must first demonstrate that it in fact has a valid
26 security interest before obtaining relief from stay to exercise remedies with respect to such
27 security. The alleged secured party bears the burden of proving the validity of its security interest

1 in the debtor's property. *See In re Harris*, 115 B.R. 376, 377 (Bankr. M.D. Fla. 1990). "If a
2 bankruptcy court has a serious doubt about the validity of the movant's security interest in the
3 debtor's property, this factor weighs heavily upon the court's determination of a [motion for relief
4 from stay]." *In re U.S. Physicians, Inc.*, 236 B.R. 593, 605 (Bankr. E.D. Pa. 1999).

5 As set forth herein, the Homegrown Creditors cannot demonstrate a valid lien on SMS
6 Ventures' assets. Accordingly, the Motion for Relief from Stay should be denied.

7 **C. Cannabis Retail Licenses Are Not Property to which a Security Interest May Attach.**

8 The Collateral described in the Motion for Relief from Stay generally consists of five
9 OLCC retail licenses (the "**Licenses**"), all inventory and finished goods arising from the Licenses,
10 and all proceeds thereof. Because all of the Homegrown Creditors' purported Collateral is derived
11 from the Licenses, the Court must first determine that OLCC licenses may themselves be subject
12 to a security interest. As set forth herein, OLCC licenses are not treated as *property* under Oregon
13 law, and therefore may not serve as security.

14 While no Oregon court has specifically addressed whether a license issued by the OLCC
15 may be subject to a security interest, the applicable Oregon statute, ORS 475C.045, sets forth the
16 characteristics and nature of a license issued by the OLCC under ORS 475C.005-525. The statute
17 specifically provides that such a license, among other things, (i) is a personal privilege, (ii) **does**
18 **not constitute property**, (iii) **is not alienable**, and (iv) is not subject to attachment or execution.
19 ORS 475C.045.

20 The Oregon Uniform Commercial Code defines "security interest" as "an interest in
21 personal property or fixtures that secures payment or performance of an obligation."
22 ORS 71.2010(2)(ii)(A). It further defines a general intangible as "personal property."
23 ORS 79.0102(1)(pp). Because under ORS 475C.045, a license does not constitute "property," and
24 is not alienable, such license may not be security for a debt under the Oregon UCC.

25 Indeed, other states with similar statutory schemes with respect to licenses similar to OLCC
26 cannabis licenses (e.g., liquor licenses) have specifically held that such licenses cannot be subject
27 to security interests. For example, in *Matter of Eagles Nest, Inc.*, an Indiana bankruptcy court held

1 that a liquor license is not property and therefore cannot be subject to a security interest because
 2 the applicable law in Indiana at the time provided that “a permittee shall have no property right in
 3 a * * * permit of any type.” *Matter of Eagles Nest, Inc.*, 57 B.R. 337, 339 (Bankr. N.D. Ind. 1986).

4 Similarly, in Pennsylvania prior to 1987, a liquor license was a “personal privilege granted
 5 by the [governmental authority] and nothing therein shall constitute the license as property.” *In re*
 6 *The Ground Round, Inc.*, 335 B.R. 253, 259 (B.A.P. 1st Cir. 2005), *aff’d*, 482 F.3d 15 (1st Cir.
 7 2007). However, after 1987, the Pennsylvania legislature amended the statute to provide that “as
 8 between the licensee and third parties, the license shall constitute property,” which changed the
 9 law in Pennsylvania with respect to whether security interests could attach to liquor licenses. *In*
 10 *re The Ground Round, Inc.*, 335 B.R. 253, 264 (B.A.P. 1st Cir. 2005), *aff’d*, 482 F.3d 15 (1st Cir.
 11 2007) (“[t]hus, after the 1987 amendment, a liquor license would constitute “property” to which a
 12 third party’s security interest could attach”).

13 Oregon’s statute accords the applicable Indiana and Pennsylvania law described above with
 14 respect to the character of OLCC licenses insofar as such licenses are not property, and instead
 15 constitute a personal privilege to which security interests may not attach. Further, Oregon law
 16 does not recognize any exception similar to post-1987 Pennsylvania law to recognize security
 17 interests as between the licensee and third parties.

18 **II. CONCLUSION**

19 For the reasons set forth herein, the Receiver requests the Court deny (i) the Motion for
 20 Relief from Stay and (ii) the Motion for Expedited Consideration.

21 DATED: July 14, 2023

22 LANE POWELL PC

23 By: s/ Andrew J. Geppert
 24 David W. Criswell, OSB No. 925930
 25 Andrew J. Geppert, OSB No. 203744
 26 docketing@lanepowell.com

27 Proposed Attorneys for Receiver, Kenneth S. Eiler

CERTIFICATE OF SERVICE

I, Andrew J. Geppert, hereby certify that on this 14th day of July, 2023, I caused a copy of the foregoing **RECEIVER'S OBJECTION TO (I) MOTION FOR RELIEF FROM STAY AND (II) MOTION FOR EXPEDITED CONSIDERATION** to be served via U.S. Mail and electronic mail, on the following:

<p>Timothy A. Solomon, Esq. LEONARD LAW GROUP LLC 4110 SE Hawthorne Blvd, PMB 506 Portland, OR 97214 tsolomon@llg-llc.com</p> <p><i>Attorney for Plaintiff</i></p>	<p>Holly C. Hayman, Esq. FARLEIGH WADA WITT 121 SW Morrison Street, Suite 600 Portland, OR 97204 hhayman@fwwlaw.com</p> <p><i>Attorney for Defendants</i></p>
<p>Allison C. Bizzano, Esq. Nicole C. Gossett-Roxbury, Esq. LOTUS LAW GROUP, LLC 2 Centerpointe Drive, Suite 345 Lake Oswego, OR 97035 allison@lotuslawgroup.com nicole@lotuslawgroup.com</p> <p><i>Attorney for Secured Creditors Alicia Smith, Jillian Smith, Marcena Sorrels, PNW Sunshine Group LLC</i></p>	<p><i>Creditor, Subline Solutions LLC (wholesale)</i></p> <p>Kyle Robinson 500 S. Danebo Avenue Eugene, OR 97402 kyle.r@sublinesolutionsllc.com</p>
<p><i>Creditor, Gron Chocolate, LLC</i></p> <p>Gron Chocolate, LLC c/o Gron Holdings, Inc. Attn: Christine Smith 100 NE Farragut Street, Suite 102 Portland, OR 97211 christine@eatgron.com shannon@eatgron.com</p>	<p>Lauren B. Bernton, Esq. TONKON TORP LLP 888 SW Fifth Avenue, Suite 1600 Portland, OR 97204 lauren.bernton@tonkon.com</p> <p><i>Attorney for Bobsled Extracts, LLC</i></p>
<p>Daniel Shouldice, Esq. McMILLAN LLP Royal Centre, 1055 W. Georgia St, Ste 1500 PO Box 11117 Vancouver, BC V6E 4N7 Canada daniel.shouldice@mcmillan.ca</p> <p><i>Attorney for Gary Zipfel</i></p>	<p>Jesse Mondry, Esq. Kathleen Biddle, Esq. Vincent Sliwoski, Esq. HARRIS BRICKEN 511 SE 11th Avenue, Suite 201 Portland, OR 97214 jesse@harrisbricken.com kathleen@harrisbricken.com vince@harrisbricken.com</p> <p><i>Attorney for Kush Originals, LLC</i></p>

1 2 3 4 5 6 7 8	<p>Kathryn Esaw, Esq. Shawn Irving, Esq. OSLER, HOSKIN & HARCOURT LLP 100 King Street West 1 First Canadian Place Suite 6200 PO Box 50 Toronto, ON M5X 1B8 Canada kesaw@osler.com sirving@osler.com</p> <p><i>Attorneys for Chalice Brands LTD (Canadian Proceeding)</i></p>	<p>Nathan Q. Rugg, Esq. Joseph D. Lambert, Esq. BARACK FERRAZZANO KIRSCHBAUM & NAGELBERG 200 West Madison Street, Suite 3900 Chicago, IL 60606 nathan.rugg@bfkn.com joe.lambert@bfkn.com</p> <p><i>Attorneys for Landlord Aventine Property Group</i></p>
9 10 11 12 13	<p>Penny Hays, Bankruptcy Specialist Internal Revenue Service 915 2nd Ave MS W244 Seattle WA 98174 penny.k.hays@irs.gov</p>	<p>James L. Buchal, Esq. Carole Caldwell MURPHY & BUCHAL LLP PO Box 86620 Portland, OR 97286 jbuchal@mblp.com ccaldwell@mblp.com</p> <p><i>Attorney for Tozmoz LLC</i></p>
14 15 16 17 18	<p><i>Lessor under Lease (Toyota) and (Freightliner)</i></p> <p>USGAI ATTN: Tracy Trimble 1190 N Carrol Ave Southlake, TX 76092</p>	<p><i>Creditor</i></p> <p>Security State Bank & Trust 201 W Main Street Fredericksburg, TX, 78624</p>
19 20 21 22 23	<p><i>Creditor</i></p> <p>APG McLoughlin 2, LLC Aventine Prop Group 111 S. Wacker Drive Suite 3350 Chicago, IL 60606</p>	<p><i>Creditor</i></p> <p>Gary Zipfel 1551 Penstemon Court Grayslake, IL 60030</p>
24 25 26	<p><i>Creditor</i></p> <p>Mike Genovese 3300 NW 185th Avenue, #163 Portland, OR 97229</p>	<p><i>Creditor</i></p> <p>William Simpson P.O. Box 510 Lawai, HI 19765</p>

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1	Daniel J. Garfield, Esq. FAIRFIELD AND WOODS P.C. 1801 California Street, Suite 2600 Denver, CO 80202-2645 dgarfield@fwlaw.com	<i>Creditor</i> Yamhill County 535 NE 5th St, Room 42 McMinnville, OR 97128
2	<i>Attorney for High Street Capital Partners, LLC, Creditor</i>	
3	Dave Roth, Esq. HELTZEL WILLIAMS PC 117 Commercial Street NE, Fourth Floor PO Box 1048 Salem, OR 97308-1048 dave@heltzel.com	Ava Schoen, Esq. Danny Newman, Esq. TONKON TORP LLP 888 SW Fifth Avenue, Suite 1600 Portland, OR 97204 ava.schoen@tonkon.com danny.newman@tonkon.com
4	<i>Attorney for L&S Davis Family Trust, Creditor</i>	<i>Attorneys for Mike Genovese and William Simpson, Creditors</i>
5	<i>Landlord Under Lease (LCC)</i>	Brendan Wilson, Esq. Mandarich Law Group, LLP PO Box 109032 Chicago, IL 60610 brendanw@mandarichlaw.com
6	Renee Kline Belnap and the LaVonne Kline Living Trust 28083 S. Oglesby Road Canby, OR 97013 orangehorsestore@msn.com	<i>Attorney for Living Soil Farms, LLC, Creditor</i>
7	Jessie Young, Assistant U.S. Attorney Nicole Smith, Paralegal United States Attorney's Office 1000 SW Third Avenue, Suite 600 Portland, OR 97204 jessie.young@usdoj.gov nicole.smith@usdoj.gov	

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s/ Andrew J. Geppert

Andrew J. Geppert

TAB M

THIS IS EXHIBIT "M" REFERRED TO IN THE
AFFIDAVIT OF SCOTT SECORD, SWORN
BEFORE ME OVER VIDEO CONFERENCE THIS
JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits

CONSENT AND ACKNOWLEDGMENT

RECITALS:

- A. On May 23, 2023, Chalice Brands Ltd. (“**Chalice**” or the “**Company**”) sought and obtained an initial order (as subsequently amended and restated, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**” and the proceeding commenced thereby, the “**CCAA Proceeding**”) from the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”).
- B. Pursuant to the Initial Order, among other things: (i) KSV Restructuring Inc. was appointed as the Monitor in the Company’s CCAA Proceeding (in such capacity, the “**Monitor**”); and (ii) a stay of proceedings was granted over the Applicant and its subsidiaries (together, the “**Chalice Group**”), including the entities that are the subject of the Oregon Receivership, as defined below.
- C. Also on May 23, 2023, Chalice obtained an order (the “**Receivership Appointment Order**”) in the Circuit Court of the State of Oregon (the “**Oregon Court**”) granting the appointment of Kenneth Eiler as Oregon state receiver (in such capacity, the “**Oregon Receiver**”) over certain of Chalice’s wholly-owned subsidiaries; namely, Greenpoint Oregon, Inc.; Greenpoint Equipment Leasing, LLC; CFA Retail LLC; SMS Ventures LLC; and CF Bliss LLC (such proceedings, the “**Oregon Receivership**”).
- D. Section 14 of the Receivership Appointment Order provides that Chalice may, but is not required to, loan the Oregon Receiver such amounts as may be necessary to satisfy the costs and expenses of the Oregon Receivership. Section 14 also provides that any such loan will be secured by a first-priority lien on Property of the Estates (each as defined in the Receivership Appointment Order) in favour of Chalice, subject only to the lien in favour of the Oregon Receiver.
- E. Section 19 of the Receivership Appointment Order provides that the approved fees and costs of the Oregon Receiver shall be paid from the gross receipts derived from the Estates and shall be a first priority lien on Property of the Estates with priority over all others claiming an interest or lien upon Estate property.
- F. The Oregon Receiver has requested that Chalice make an interim financing advance in accordance with the provisions of the Receivership Appointment Order in the amount of One Hundred Fifty Thousand and 00/Dollars (\$150,000.00) (the “**Advance**”) to the Oregon Receiver to provide a cash fund to pay towards the fees and costs of the Oregon Receiver and his attorneys and advisors.

- G. Chalice, with the consent of the Monitor, wishes to provide the Advance to the Oregon Receiver, subject to the terms and conditions set forth herein, on the basis that the provision of such financing will be for the benefit of the entire Chalice Group.

NOW THEREFORE, in furtherance of the foregoing and for good and valuable consideration of the mutual covenants set forth herein, the sufficiency of which is hereby acknowledged, Chalice, the Oregon Receiver and the Monitor (collectively, the “**Parties**” and each a “**Party**”) agree as follows:

1. **Payment.** Chalice shall wire the Advance to the Oregon Receiver c/o the Lane Powell PC Client Trust Account, for use by the Oregon Receiver to fund the fees and costs of the Oregon Receiver and his professionals in connection with the Oregon Receivership (the “**Loan**”). The Loan shall be non-interest bearing.
2. **Acknowledgments.** The Oregon Receiver acknowledges and confirms that, following payment of the Loan as set forth in Section 1 hereto:
 - (i) the Loan shall be repaid to Chalice as and when the Oregon Receiver receives payment of its approved fees and costs from Property of the Estate in accordance with Section 19 of the Receivership Appointment Order or as may otherwise be ordered by the Oregon Court; and
 - (ii) Chalice shall have subrogation as regards, and may claim the benefit of, the lien, interest and/or charge in favour of the Oregon Receiver described in Section 19 of the Oregon Appointment Order, to the extent of and as security for the Loan.
3. **Best Efforts.** The Oregon Receiver shall use its best efforts to (i) obtain approval of his fees and expenses and the fees and expenses of his professionals by the Oregon Court, (ii) obtain payment of such fees and expenses from the gross receipts derived from the Estates, and (iii) repay the Loan in accordance herewith.
4. **Consents.** The Parties hereby acknowledge and consent to the terms and conditions of this Agreement. For the avoidance of doubt, the Monitor specifically acknowledges and consents to the payment of the Loan from the estate of Chalice as set forth in Section 1 hereto.
5. **Limitation of Liability.** Chalice and the Oregon Receiver acknowledge and agree that the Monitor (whether in its capacity as Monitor, in its personal capacity or otherwise) shall have no liability with respect to any and all losses, claims, damages or liabilities of any kind or nature to any person or entity as a result of the Advance, the Loan or otherwise in connection with this Agreement.
6. **Further Assurances.** The Parties shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the

transactions contemplated by this Agreement and each Party shall execute and deliver all such further documents and instruments as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions.

7. **Amendment and Assignment.** No amendment of any provision of this Agreement, nor any assignment of this Agreement, shall be valid or binding unless set forth in writing and duly executed by the Parties.
8. **Enurement.** This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.
9. **Currency.** Any reference in this Agreement to “Dollars”, “dollars” or the sign “\$” shall be deemed to be a reference to lawful money of the United States of America,
10. **Counterparts.** This Agreement may be executed in counterparts and may be executed and delivered electronically and all such counterparts shall together constitute one and the same Agreement.

[Signature pages follow]

IN WITNESS HEREOF the undersigned have executed and agree to be bound by the totality of this Agreement as of July 17, 2023.

CHALICE BRANDS LTD.

By: 

Name: Scott Secord

Title: CRO

**KENNETH EILER, in his capacity as
Receiver of Greenpoint Oregon, Inc.,
Greenpoint Equipment Leasing, LLC, CFA
Retail LLC, SMS Ventures LLC and CF
Bliss LLC, and not in his personal capacity.**

By: DocuSigned by:
Ken Eiler
Name: Kenneth S. Eiler, Receiver
Title: Receiver

**KSV RESTRUCTURING INC. in its
capacity as Monitor of Chalice Brands Ltd.
and not in its personal capacity.**

By:



Name: Noah Goldstein
Title: Managing Director

TAB N

THIS IS EXHIBIT "N" REFERRED TO IN THE
AFFIDAVIT OF SCOTT SECORD, SWORN
BEFORE ME OVER VIDEO CONFERENCE THIS
JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits

From: Eli Brenner <ebrenner@ksvadvisory.com>
Sent: Wednesday, July 19, 2023 11:25 AM
To: [REDACTED]
Cc: Noah Goldstein
Subject: CCAA Proceeding of Chalice Brands Ltd. ("Chalice") (Court File No. CV-23-00699872-00CL) – Notice of Extension of Key Dates

Hi [REDACTED],

We are contacting you in your capacity as a bidder in the sale and investment solicitation process (the "**SISP**"), which process was approved by order of the Ontario Superior Court of Justice (Commercial List) dated June 1, 2023 (the "**SISP Order**") within the *Companies' Creditors Arrangement Act* proceedings of Chalice and by order of the Circuit Court of the State of Oregon entered June 12, 2023. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the SISP Order. Pursuant to the SISP, including at paragraph 39 thereof, we are writing to advise that, with the consent of the Monitor and the Oregon Receiver, the **Successful Bid Selection Deadline has been extended** and Chalice intends to select a Successful Bidder by **July 27, 2023**. All other key dates for the SISP are extended accordingly.

Further information regarding the SISP Order and other public information related to the CCAA proceeding can be found on the Monitor's website at: www.ksvadvisory.com/experience/case/chalice-brands-ltd.

Please contact the monitor at ebrenner@ksvadvisory.com or 416- 932-6028 for any questions.

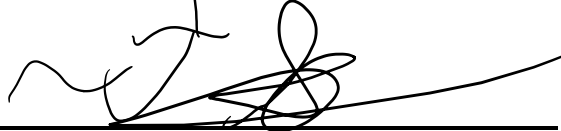


Eli Brenner
Managing Director

T 416.932.6028
M 416.573.8572
W www.ksvadvisory.com

TAB O

THIS IS EXHIBIT "O" REFERRED TO IN
THE AFFIDAVIT OF SCOTT SECOND,
SWORN BEFORE ME OVER VIDEO
CONFERENCE THIS JULY 21, 2023.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right, positioned above a solid horizontal line.

Commissioner for Taking Affidavits



Steven Graff
 Tel : 416.865.7726
 Email: sgraff@airdberlis.com

July 18, 2023

DELIVERED BY EMAIL

Osler, Hoskin & Harcourt LLP
 Counsel to the Applicant
 Box 50, 1 First Canadian Place
 100 King Street West, Suite 6200
 Toronto, ON M5X 1B8

Attention: Marc Wasserman, Shawn Irving
 and Kathryn Esaw

KSV Restructuring Inc.
 Court-appointed Monitor
 220 Bay St., 13th Floor, P.O. Box 20
 Toronto, ON M5J 2W4

Attention: Noah Goldstein and Christian Vit

Leonard Law Group
 U.S. Counsel to the Applicant
 4110 SE Hawthorne Blvd., PMB 506
 Portland, OR 97214-9246

Attention: Timothy Solomon and Justin
 Leonard

Cassels Brock & Blackwell LLP
 Counsel to the Monitor
 Suite 2100, Scotia Plaza
 40 King St. West
 Toronto, ON M5H 3C2

Attention: Ryan Jacobs and Jeremy
 Bornstein

Dear Counsel and Monitor:

**Re: In the Matter of the Companies' Creditors Arrangement Act, R.S.C. 1985,
 c. C-36, as amended (the "CCAA") and In the Matter of a Plan of
 Compromise or Arrangement of Chalice Brands Ltd. ("Chalice" and the
 "CCAA Proceedings", respectively)**

As you are aware, we are Canadian counsel to Alicia Smith, Jillian Smith and Marcena Sorrels.

We understand that the Applicant is likely to be seeking court approval of a sale transaction in the coming days or weeks.

Please be advised that we expect to be instructed to oppose any sale to an entity related to the Applicant for less than fair market value. To that end, kindly ensure that any motion for sale approval is brought on fulsome notice to affected parties. We understand that the sale approval motion before the Oregon Court must be brought on at least 14 days' notice, as recently confirmed by Judge Rees who is seized of the proceeding in Oregon.

We would also appreciate hearing from you regarding the Applicant's intentions as to the timing of seeking sale approval from each of the Oregon Court and the CCAA Court. The SISF order provides that the Applicant will coordinate both motions, but appears to contemplate that the motions will proceed before both the Oregon Court and the CCAA Court simultaneously.

It appears to us that, in light of the nature of the assets involved, it would be most appropriate for any sale approval motion to first proceed to the Oregon Court, followed by the CCAA Court. We would appreciate your confirmation in this regard.

We look forward to hearing from you regarding the foregoing.

Yours truly,

AIRD & BERLIS LLP

A handwritten signature in black ink, appearing to read 'S. Graff', with a large, stylized flourish at the end.

Steven L. Graff

cc: Clients
Allison Bizzano, *Lotus Law Group*
Miranda Spence and Tamie Dolny, *Aird & Berlis LLP*

53695786.1

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

Court File No. CV-23-00699872-00CL

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

AFFIDAVIT

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO# 44066M)
Tel: 416.862.4908
Email: mwasserman@osler.com

Shawn Irving (LSO# 50035U)
Tel: 416.862.4733
Email: sirving@osler.com

Kathryn Esaw (LSO# 58264F)
Tel: 416.862.4905
Email: kesaw@osler.com

Fabian Suárez-Amaya (LSO# 80301W)
Tel: 416.862.6416
Email: fsuarezamaya@osler.com

Lawyers for the Applicants,
Chalice Brands Ltd.

TAB 3

Court File No. CV-23-00699872-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM)	THURSDAY, THE 27TH
)	
JUSTICE KIMMEL)	DAY OF JULY, 2023

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

STAY EXTENSION ORDER

THIS MOTION, made by Chalice Brands Ltd. (the “**Applicant**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an order extending the Stay Period (as defined in paragraph 14 of the Amended and Restated Initial Order, granted June 1, 2023), was heard this day by videoconference via Zoom in Toronto, Ontario.

ON READING the Affidavit of Scott Secord sworn July 21, 2023 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, counsel for KSV Restructuring Inc. (“**KSV**”), in its capacity as monitor of the Applicant (the “**Monitor**”) and those other parties listed on the Counsel Slip, no one else appearing although duly served as appears from the Affidavit of Service of Fabian Suárez-Amaya sworn July 21, 2023.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

STAY EXTENSION

2. **THIS COURT ORDERS** that the Stay Period is hereby extended until and including August 31, 2023.

GENERAL

3. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation or application of this Order.

4. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, including but without limitation the Circuit Court of the State of Oregon, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

5. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that KSV is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having this proceeding recognized in a jurisdiction outside Canada.

6. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on July 27, 2023.

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CHALICE BRANDS LTD.

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

Stay Extension Order

OSLER, HOSKIN & HARCOURT, LLP
P.O. Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Marc Wasserman (LSO# 44066M)
Tel: 416.862.4908
mwasserman@osler.com

Shawn Irving (LSO# 50035U)
Tel: 416.862.4733
sirving@osler.com

Kathryn Esaw (LSO# 58264F)
Tel: 416.862.4905
kesaw@osler.com

Fabian Suárez-Amaya (LSO# 80301W)
Tel: 416.862.6416
fsuarezamaya@osler.com

Fax: 416.862.6666

Lawyers for the Applicant

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF CHALICE BRANDS LTD.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT TORONTO

**MOTION RECORD OF THE APPLICANT,
CHALICE BRANDS LTD.
(VOLUME 2 OF 2)**
(Motion Returnable July 27, 2023, at 11:30 a.m.)

OSLER, HOSKIN & HARCOURT LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO# 44066M)
Tel: 416.862.4908
Email: mwasserman@osler.com

Shawn Irving (LSO# 50035U)
Tel: 416.862.4733
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Tel: 416.862.4905
Email: kesaw@osler.com

Fabian Suárez-Amaya (LSO# 80301W)
Tel: 416.862.6416
Email: fsuarezamaya@osler.com

Lawyers for the Applicant,
Chalice Brands Ltd.