



Court File No. CV-22-00682101-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE CHIEF

)

WEDNESDAY, THE 10<sup>TH</sup>

JUSTICE MORAWETZ

)

DAY OF AUGUST, 2022

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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 INVOLVING MJARDIN GROUP, INC.,  
GROWFORCE HOLDINGS INC., 8586985 CANADA  
CORPORATION AND HIGHGRADE MMJ  
CORPORATION

BETWEEN:

PRICEWATERHOUSECOOPERS INC., IN ITS CAPACITY  
AS COURT-APPOINTED RECEIVER AND MANAGER OF  
BRIDGING FINANCE INC. AND CERTAIN RELATED  
ENTITIES AND INVESTMENT FUNDS

Applicant

- and -

MJARDIN GROUP, INC., GROWFORCE HOLDINGS INC.,  
8586985 CANADA CORPORATION AND HIGHGRADE  
MMJ CORPORATION

Respondents

ORDER

(Distribution Approval and Amendment to the Amended and Restated Initial Order)

THIS MOTION, made by KSV Restructuring Inc. ("KSV"), in its capacity as court-appointed monitor (the "**Monitor**") of MJardin Group, Inc. ("**MJar**"), Growforce Holdings Inc. ("**Growforce**"), 8586985 Canada Corporation ("**858**") and Highgrade MMJ Corporation ("**Highgrade**" and, together with MJar, Growforce and 858, the "**Respondents**"), pursuant to the

*Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, for an Order (this "**Order**"), among other things, (i) approving the Distribution specified herein, and (ii) approving certain amendments to the Amended and Restated Initial Order granted by this Court dated June 2, 2022 (the "**ARIO**"), was heard this day via videoconference.

**ON READING** the Second Report of the Monitor dated August 2, 2022 (the "**Second Report**"), and such other materials filed in respect of this Motion, and on hearing the submissions of counsel for PricewaterhouseCoopers Inc., in its capacity as court-appointed receiver and manager of Bridging Finance Inc. and certain related entities and investment funds (in such capacity, the "**Bridging Receiver**"), counsel for the Monitor, and such other counsel as were present, no one else appearing although duly served as appears from the affidavit of service of Andrew Harnes sworn August 3, 2022, filed.

#### **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.

#### **CAPITALIZED TERMS**

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meanings given to them in the ARIO or the Second Report, as applicable.

#### **AMI DIVIDEND DISTRIBUTION**

3. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to distribute to the Bridging Receiver the amount of \$971,309.03 (plus any interest accrued thereon) held by the Monitor on account of the AMI Dividend in respect of the secured indebtedness evidenced by the Receiver's Certificates issued in favour of the Bridging Receiver by KSV, in its capacity as court-appointed receiver and manager of MJar in the receivership proceedings bearing Court File No. CV-22-00678813-00CL, dated April 14, 2022, May 2, 2022 and May 16, 2022 (the "**Distribution**").

4. **THIS COURT ORDERS** that the Monitor and/or any of the Respondents are hereby authorized to take all necessary steps and actions to effect the Distribution in accordance with the provisions of this Order, and shall not incur any liability as a result of making the Distribution.

5. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any application for a bankruptcy or receivership order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”) or other applicable legislation in respect of the Respondents and any bankruptcy or receivership order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of the Respondents; and
- (d) any provisions of any federal or provincial legislation,

the Distribution shall be made free and clear of all Encumbrances (including the Charges) and shall be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Respondents or their property and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

6. **THIS COURT ORDERS** that the Monitor and/or any of the Respondents shall be entitled to deduct and withhold from the Distribution such amounts as may be required to be deducted or withheld with respect to the Distribution under the *Income Tax Act* (Canada) or other applicable laws and to remit such amounts to the appropriate governmental authority (“**Governmental Authority**”) or other Person entitled thereto. To the extent that amounts are so withheld or deducted and remitted to the appropriate Governmental Authority or other Person, such withheld or deducted amounts shall be treated for all purposes as having been paid pursuant to this Order to such Person as the remainder of the Distribution in respect of which such withholding or deduction was made.

## AMENDMENT TO THE AMENDED AND RESTATED INITIAL ORDER

7. **THIS COURT ORDERS** that paragraph 13(a) of the ARIO is hereby amended and restated in its entirety to read as follows:

13. **THIS COURT ORDERS** that the Respondents shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations and to dispose of redundant or non-material assets not exceeding \$500,000 in any one transaction or \$3,000,000 in the aggregate;

8. **THIS COURT ORDERS** that (i) the Receiver's Charge is hereby terminated, released and discharged, and shall no longer constitute a charge on the Property and the Subsidiary Property, and (ii) paragraph 44 of the ARIO is hereby amended and restated in its entirety to read as follows:

44. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Receiver's Borrowings Charge (as defined in the Receivership Order), the DIP Lender's Charge, the Directors' Charge and the CRO Additional Consideration Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$300,000);

Second – Receiver's Borrowings Charge (to the maximum amount of \$2,548,266.24, plus accrued and unpaid interest, fees and reimbursable expenses);

Third – DIP Lender's Charge (to the maximum amount of \$2,000,000, plus accrued and unpaid interest, fees and reimbursable expenses);

Fourth – Directors' Charge (to the maximum amount of \$785,000); and

Fifth – CRO Additional Consideration Charge.

## APPROVAL OF THE MONITOR'S REPORTS AND ACTIVITIES


9. **THIS COURT ORDERS** that the Report of KSV as the Proposed Monitor dated June 1, 2022, the First Report of KSV as the Monitor dated June 7, 2022 and the Second Report, and the activities and conduct of the Monitor described therein, be and are hereby approved; provided, however, that only the Monitor, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

## GENERAL

10. **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, to give effect to this Order and to assist the Respondents, 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 Respondents 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 Respondents and the Monitor and their respective agents in carrying out the terms of this Order.

11. **THIS COURT ORDERS** that the Bridging Receiver, each of the Respondents 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 the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

12. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



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Respondents

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Court File No./N° du dossier du greffe : CV-22-00682101-00CL

**ONTARIO**

**SUPERIOR COURT OF JUSTICE-  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**ORDER**

(Distribution Approval and Amendment to the  
Amended and Restated Initial Order)

**GOODMANS LLP**

Barristers & Solicitors  
333 Bay Street, Suite 3400  
Toronto, Canada M5H 2S7

**Christopher G. Armstrong** LSO#: 55148B  
carmstrong@goodmans.ca

**Andrew Harnes** LSO#: 73221A  
aharnes@goodmans.ca

**Brennan Caldwell** LSO#: 81627N  
bcaldwell@goodmans.ca

Tel: (416) 979-2211  
Fax: (416) 979-1234

Lawyers for the Monitor