

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

	)	
In re:	)	Chapter 15
	)	
GROUPE DYNAMITE INC., <i>et al</i>	)	Case No. 20-12085 (CSS)
	)	
Debtors in a Foreign Proceeding <sup>1</sup>	)	(Jointly Administered)
	)	

**NOTICE OF ENTRY OF THE RE-AMENDED  
AND RESTATED INITIAL ORDER, JUDGMENT, AND  
RECTIFIED JUDGMENT IN THE CANADIAN PROCEEDINGS**

**PLEASE TAKE NOTICE** that, on October 8, 2020, the Court entered the *Order Granting Petition for (I) Recognition as Foreign Main Proceedings, (II) Recognition of Foreign Representative, and (III) Related Relief Under Chapter 15 of the Bankruptcy Code* [Docket No. 53] (the “Recognition Order”).<sup>2</sup>

**PLEASE TAKE FURTHER NOTICE** that, on May 18, 2021, the Canadian Court entered in the Canadian Proceedings the *Re-Amended and Restated Initial Order*, attached as **Exhibit A**, the *Judgment*, attached as **Exhibit B**, and the *Rectified Judgment*, attached as **Exhibit C**. The Re-Amended and Restated Initial Order, the Judgment, and the Rectified Judgment are in full force and effect pursuant to the terms of the Recognition Order.

**PLEASE TAKE FURTHER NOTICE** that copies of the Re-Amended and Restated Initial Order, the Judgment, the Rectified Judgment, and the Recognition Order, or any other document that has been filed in these chapter 15 cases can be obtained free of charge on the Debtors’ claims and noticing agent’s website at <https://cases.omniagentsolutions.com/groupedynamite> or for a fee on the Court’s website at <https://ecf.deb.uscourts.gov>.

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<sup>1</sup> The last four digits of the Debtors’ tax identification number are as follows: (a) Groupe Dynamite Inc. (4210); (b) GRG USA Holdings Inc. (4293); and (c) GRG USA LLC (4008). Additional case information can be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.omniagentsolutions.com/groupedynamite>. The location of the Debtors’ service address for purposes of these chapter 15 cases is 5592 Ferrier Street, Montreal, Quebec, Canada, H4P 1M2.

<sup>2</sup> Terms used herein but not otherwise defined shall have the meanings ascribed in the Recognition Order.

Dated: May 26, 2021  
Wilmington, Delaware

*/s/ Laura Davis Jones*

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**EXHIBIT A**

**Re-Amended and Restated Initial Order**

**SUPERIOR COURT  
(COMMERCIAL DIVISION)**

Canada  
Province of Québec  
District of Montréal  
No: 500-11-058763-208  
Date: May 18, 2021

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Presiding: The Honourable Peter Kalichman, J.S.C.

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In the matter of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 of:

**Groupe Dynamite Inc.**  
**GRG USA Holdings Inc.**  
**GRG USA LLC**  
Debtors

and

**Deloitte Restructuring Inc.**  
Monitor

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**RE-AMENDED AND RESTATED INITIAL ORDER**

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- [1] CONSIDERING the *Application to Amend the Amended and Restated Initial Order with respect to the Sales Taxes* dated March 26, 2021 (the "**Application**") of Groupe Dynamite Inc., GRG USA Holdings Inc. and GRG USA LLC (collectively, the "**Debtors**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**"), the affidavit, and the exhibits;
- [2] CONSIDERING the notification of the Application;
- [3] CONSIDERING the representations of the lawyers present;
- [4] CONSIDERING the provisions of the CCAA;

**THE COURT:**

- [5] GRANTS the Application.
- [6] ISSUES an order pursuant to the CCAA (the "**Order**"), divided under the following headings:
- Service
  - Application of the CCAA
  - Effective Time
  - Plan of Arrangement
  - Administrative Consolidation

- Stay of Proceedings against the Debtors and the Property
- Stay of Proceedings against the Directors and Officers
- Possession of Property and Operations
- No Exercise of Rights or Remedies
- No Interference with Rights
- Continuation of Services
- Non-Derogation of Rights
- Interim Financing
- Directors' and Officers' Indemnification and Charge
- Restructuring
- Powers of the Monitor
- Specific Measures with Respect to the Leases
- Gift Cards and Loyalty Programs
- Priorities and General Provisions Relating to CCAA Charges
- Hearing scheduling and details
- General

#### **Service**

- [7] ORDERS that any prior delay for the presentation of the Application is hereby abridged and validated so that the Application is properly returnable today and hereby dispenses with further service thereof.
- [8] DECLARES that sufficient prior notice of the presentation of this Application has been given by the Debtors to interested parties, including the secured creditors which are likely to be affected by the charges created herein.

#### **Application of the CCAA**

- [9] DECLARES that the Debtors are debtor companies to which the CCAA applies.

#### **Effective Time**

- [10] DECLARES that this Order and all of its provisions are effective as of 12:01 a.m. Montréal time, province of Québec, on September 8, 2020, or, where applicable, on the date of this Order (the "**Effective Time**").

#### **Plan of Arrangement**

- [11] DECLARES that the Debtors shall have the authority to file with this Court and to submit to their creditors one or more plans of compromise or arrangement (collectively, the "**Plan**") in accordance with the CCAA.

#### **Administrative Consolidation**

- [12] ORDERS the consolidation of the CCAA proceedings of the Debtors under one single Court file, in file number 500-11-058763-208.

- [13] ORDERS that all proceedings, filings, and other matters in the CCAA proceedings be filed jointly and together by the Debtors under file number 500-11-058763-208.
- [14] DECLARES that the consolidation of these CCAA proceedings in respect of the Debtors shall be for administrative purposes only and shall not effect a consolidation of the assets and property or of the debts and obligations of each of the Debtors including, without limitation, for the purposes of any Plan or Plans that may be hereafter proposed.

#### **Stay of Proceedings against the Debtors and the Property**

- [15] ORDERS that, until and including October 19, 2020, or such later date as the Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), including but not limited to seizures, right to distrain, executions, writs of seizure or execution, any and all actions, applications, arbitration proceedings and other lawsuits existing at the time of this Order in which any of the Debtors is a defendant, party or respondent (either individually or with other Persons (as defined below)) shall be commenced or continued against or in respect of the Debtors, or affecting the Debtors' business operations and activities (the "**Business**") or the Property (as defined herein below), including as provided in paragraph [23] herein except with leave of this Court. Any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to section 11.1 CCAA.
- [16] ORDERS that the rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of section 11.09 CCAA.

#### **Stay of Proceedings against Directors and Officers**

- [17] ORDERS that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA, no Proceeding may be commenced, or continued against any former, present or future director or officer of the Debtors nor against any person deemed to be a director or an officer of any of the Debtors under subsection 11.03(3) of the CCAA (each, a "**Director**", and collectively the "**Directors**") in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the Debtors where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

#### **Possession of Property and Operations**

- [18] ORDERS that, subject to this Order, the Debtors shall remain in possession and control of their present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof and all bank accounts (collectively the "**Property**") notwithstanding any enforcement process, including but not limited to seizures, right to distrain, executions, writs of seizure or execution, the whole in accordance with the terms and conditions of this Order.

- [19] ORDERS that, subject to this Order, each of the Debtors are authorized to complete outstanding transactions and engage in new transactions with other Debtors, and to continue, on and after the date of this Order, to buy and sell goods and services, and allocate, collect and pay costs, expenses and other amounts from and to the other Debtors, or any of them (collectively, the "**Intercompany Transactions**") in the ordinary course of business. All ordinary course Intercompany Transactions among the Debtors shall continue on terms consistent with existing arrangements or past practice, subject to such changes thereto, or to such governing principles, policies or procedures as the Monitor may require, or subject to this Order or further Order of this Court.
- [20] ORDERS that the Debtors shall be entitled to continue to utilize the central cash management system currently in place as described in the Application (the "**Cash Management System**").
- [21] ORDERS that the Debtors shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, bonuses, expenses, benefits and vacation pay payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
  - (b) the fees and disbursements of any agent, advisor or counsel retained or employed by the Debtors or by the Agent on behalf of the Secured Lenders in respect of these proceedings, at their standard rates and charges; and
  - (c) with the consent of the Monitor, and only after the Interim Facility has been advanced to the Debtors for an amount of \$10,000,000, amounts owing for goods or services actually supplied to the Debtors prior to the date of this Order by third party suppliers up to a maximum aggregate amount of \$5,000,000, if, in the opinion of the Debtors, the supplier is critical to the business and ongoing operations of the Debtors.
- [22] ORDERS that the Debtors shall remit, in accordance with legal requirements, or pay:
- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Québec Pension Plan, and (iv) income taxes; and
  - (b) all goods and services, harmonized sales or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Debtors and in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes are accrued or collected after the date of this Order.

### **No Exercise of Rights or Remedies**

- [23] ORDERS that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA, all rights and remedies, including, but not limited to modifications of existing rights and events deemed to occur pursuant to any agreement to which any of the Debtors is a party as a result of the insolvency of the Debtors and/or these CCAA proceedings, any events of default or non-performance by the Debtors or any admissions or evidence in these CCAA proceedings, of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Debtors, or affecting the Business, the Property or any part thereof, are hereby stayed and suspended except with leave of this Court.
- [24] DECLARES that, to the extent any rights, obligations, or prescription, time or limitation periods, including, without limitation, to file grievances, relating to the Debtors or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Debtors, or any of them, become(s) bankrupt or a receiver as defined in subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") is appointed in respect of any of the Debtors, the period between the date of this Order and the day on which the Stay Period ends shall not be calculated in respect of the Debtors in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

### **No Interference with Rights**

- [25] ORDERS that during the Stay Period, no Person shall discontinue, fail to renew per the same terms and conditions, honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Debtors, as applicable, and the Monitor, or with leave of this Court.

### **Continuation of Services**

- [26] ORDERS that during the Stay Period and subject to paragraph [28] hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other goods or services made available to the Debtors, are hereby restrained until further order of this Court from discontinuing, failing to renew per the same terms and conditions, altering, interfering with, terminating the supply or, where the case may be, interrupting, delaying or stopping the transit of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or

charges for all such goods or services received after the date of this Order are paid by the Debtors, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Debtors, as applicable, with the consent of the Monitor, or as may be ordered by this Court.

- [27] ORDERS that, subject to subsection 11.01 CCAA and paragraph [55] hereof, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the Debtors on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to make further advance of money or otherwise extend any credit to the Debtors.
- [28] ORDERS that, without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, and the following paragraphs, cash or cash equivalents placed on deposit by any Debtor with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by a Debtor and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into an Debtor's account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.
- [28A] PRAYS ACT of the consent of each of the Secured Lenders to suspend, until October 19, 2020, and without prejudice or waiver of such right, and subject to the Interim Facility being advanced to the Debtors for an amount of \$10,000,000, its right to effect set-off between:
- (a) the amount of \$13,205,000 cash in the Secured Lenders' bank accounts (the "**Cash in the Bank Accounts**"); and
  - (b) the Secured Lenders' total advances to the Debtors.
- [28B] ORDERS that the Cash in the Bank Accounts shall be maintained and kept in a segregated account until October 19, 2020, unless otherwise agreed between the Agent and the Debtors.
- [28C] ORDERS the Debtors to pay to each of the Secured Lenders, when due, all amounts owing (including principal, interest, fees and expenses), including without limitation, all reasonable fees and disbursements of counsel and all other reasonably required advisers to or agents of the Secured Lenders on a full indemnity basis under the loan documents and to perform all of their other obligations to the Secured Lenders pursuant to the loan documents and this Order.

### **Non-Derogation of Rights**

- [29] ORDERS that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of any of the Debtors shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of this Order, provided that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

### **Interim Financing**

- [30] ORDERS that the Debtors are authorized to borrow, repay and reborrow from 10644579 Canada Inc. (the "**Interim Lender**") such amounts from time to time as they may consider necessary or desirable, up to a maximum principal amount of \$20,000,000 outstanding at any time, on the terms and conditions as set forth in the Amended Interim Financing Term Sheet, Exhibit P-10 (the "**Interim Financing Term Sheet**") and in the Interim Financing Documents (as defined hereinafter), to fund the ongoing expenditures of the Debtors and to pay such other amounts as are permitted by the terms of this Order and the Interim Financing Documents (as defined hereinafter) (the "**Interim Facility**").
- [31] ORDERS that the Debtors are authorized to execute and deliver such credit agreements, security documents and other definitive documents (collectively the "**Interim Financing Documents**") as may be required by the Interim Lender in connection with the Interim Facility and the Interim Financing Term Sheet, and the Debtors are authorized to perform all of its obligations under the Interim Financing Documents.
- [32] ORDERS that the Debtors shall pay to the Interim Lender, when due, all amounts owing (including principal, interest, fees and expenses, including without limitation, all reasonable fees and disbursements of counsel and all other reasonably required advisers to or agents of the Interim Lender on a full indemnity basis (the "**Interim Lender Expenses**")) under the Interim Financing Documents and shall perform all of its other obligations to the Interim Lender pursuant to the Interim Financing Term Sheet, the Interim Financing Documents and this Order.
- [33] DECLARES that all of the Property of the Debtors is subject to a charge, hypothec and security for an aggregate amount of \$24,000,000 (the "**Interim Lender Charge**") in favour of the Interim Lender as security for all obligations of the Debtors to the Interim Lender with respect to all amounts owing (including principal, interest and the Interim Lender Expenses) under or in connection with the Interim Financing Term Sheet and the Interim Financing Documents. The Interim Lender Charge shall have the priority established by paragraphs [62] to [63] of this Order.
- [34] ORDERS that the claims of the Interim Lender pursuant to the Interim Financing Documents shall not be compromised or arranged pursuant to the Plan or these proceedings and the Interim Lender, in that capacity, shall be treated as an unaffected

creditor in these proceedings and in any Plan.

[35] ORDERS that the Interim Lender may:

- (a) notwithstanding any other provision of this Order, take such steps from time to time as it may deem necessary or appropriate to register, record or perfect the Interim Lender Charge and the Interim Financing Documents in all jurisdictions where it deems it is appropriate; and
- (b) notwithstanding the terms of the paragraph to follow, refuse to make any advance to the Debtors if they fail to meet the provisions of the Interim Financing Term Sheet and the Interim Financing Documents.

[36] ORDERS that the Interim Lender shall not take any enforcement steps under the Interim Financing Documents or the Interim Lender Charge without providing at least 5 business days written notice (the "**Notice Period**") of a default thereunder to the Debtors, the Monitor, the Agent and to creditors whose rights are registered or published at the appropriate registers or requesting a copy of such notice. Upon expiry of such Notice Period, the Interim Lender shall be entitled to take any and all steps under the Interim Financing Documents and the Interim Lender Charge and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA and upon the Interim Lender taking such steps, the Agent and the Secured Lenders shall be entitled to take any and all steps under the loan documents and otherwise permitted at law, but without having to send any demands under Section 244 of the BIA.

[37] ORDERS that, subject to further order of this court, no order shall be made varying, rescinding, or otherwise affecting paragraphs [30] to [36] hereof unless either (a) notice of a motion for such order is served on the interim lender by the moving party within seven (7) days after that party was served with the order or (b) the Interim Lender applies for or consents to such order.

#### **Directors' and Officers' Indemnification and Charge**

- [38] ORDERS that the Debtors shall indemnify their Directors from all claims relating to any obligations or liabilities they may incur and which have accrued by reason of or in relation to their respective capacities as directors or officers of the Debtors after the Effective Time, except where such obligations or liabilities were incurred as a result of such Director's gross negligence, willful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.
- [39] ORDERS that the Directors of the Debtors shall be entitled to the benefit of and are hereby granted a charge, security and hypothec in the Property to the extent of the aggregate amount of \$6,950,000 (the "**Directors' Charge**"), as security for the indemnity provided in paragraph [38] hereof as it relates to obligations and liabilities that the Directors may incur in such capacity after the Effective Time, having the priority established by paragraphs [62] and [63] of this Order.
- [40] ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the

Directors' Charge, and (b) the Directors shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts for which the Directors are entitled to be indemnified in accordance with paragraph [38] of this Order.

### **Restructuring**

[41] DECLARES that, to facilitate the orderly restructuring of their business and financial affairs (the "**Restructuring**") but subject to such requirements as are imposed by the CCAA, the Debtors shall have the right, subject to approval of the Monitor or further order of the Court, to:

- (a) permanently or temporarily cease, downsize or shut down any of their operations or locations as they deem appropriate and make provision for the consequences thereof in the Plan;
- (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other manner dispose of the Business or Property, in whole or part, subject to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (c);
- (c) convey, transfer, assign, lease, or in any other manner dispose of the Property, outside the ordinary course of business, in whole or in part, provided that the price in each case does not exceed \$250,000 or \$1,000,000 in the aggregate;
- (d) terminate the employment of such of their employees or temporarily or permanently lay off such of their employees as they deem appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the Debtors, as applicable, and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the Debtors may determine;
- (e) disclaim or resiliate agreements, subject to the provisions of section 32 CCAA which are as follows:

32 (1) Subject to subsections (2) and (3), a debtor company may — on notice given in the prescribed form and manner to the other parties to the agreement and the monitor — disclaim or resiliate any agreement to which the company is a party on the day on which proceedings commence under this Act. The company may not give notice unless the monitor approves the proposed disclaimer or resiliation.

(2) Within 15 days after the day on which the company gives notice under subsection (1), a party to the agreement may, on notice to the other parties to the agreement and the monitor, apply to a court for an order that the agreement is not to be disclaimed or resiliated.

- (3) If the monitor does not approve the proposed disclaimer or resiliation, the company may, on notice to the other parties to the agreement and the monitor, apply to a court for an order that the agreement be disclaimed or resiliated.
- (4) In deciding whether to make the order, the court is to consider, among other things,
  - (a) whether the monitor approved the proposed disclaimer or resiliation;
  - (b) whether the disclaimer or resiliation would enhance the prospects of a viable compromise or arrangement being made in respect of the company; and
  - (c) whether the disclaimer or resiliation would likely cause significant financial hardship to a party to the agreement.
- (5) An agreement is disclaimed or resiliated
  - (a) if no application is made under subsection (2), on the day that is 30 days after the day on which the company gives notice under subsection (1);
  - (b) if the court dismisses the application made under subsection (2), on the day that is 30 days after the day on which the company gives notice under subsection (1) or on any later day fixed by the court; or
  - (c) if the court orders that the agreement is disclaimed or resiliated under subsection (3), on the day that is 30 days after the day on which the company gives notice or on any later day fixed by the court.
- (6) If the company has granted a right to use intellectual property to a party to an agreement, the disclaimer or resiliation does not affect the party's right to use the intellectual property — including the party's right to enforce an exclusive use — during the term of the agreement, including any period for which the party extends the agreement as of right, as long as the party continues to perform its obligations under the agreement in relation to the use of the intellectual property.
- (7) If an agreement is disclaimed or resiliated, a party to the agreement who suffers a loss in relation to the disclaimer or resiliation is considered to have a provable claim.
- (8) A company shall, on request by a party to the agreement, provide in writing the reasons for the proposed disclaimer or resiliation within five days after the day on which the party requests them.
- (9) This section does not apply in respect of
  - (a) an eligible financial contract;
  - (b) a collective agreement;

(c) a financing agreement if the company is the borrower; or

(d) a lease of real property or of an immovable if the company is the lessor.

and

(f) subject to section 11.3 CCAA, assign any rights and obligations of Debtors.

- [42] DECLARES that, if a notice of disclaimer or resiliation is given to a landlord of any of the Debtors pursuant to section 32 of the CCAA and subsection [41](e) of this Order, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours by giving such Debtor and the Monitor 24 hours' prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver of, or prejudice to, any claims or rights of the landlord against the Debtors, provided nothing herein shall relieve such landlord of their obligation to mitigate any damages claimed in connection therewith.
- [43] DECLARES that, in order to facilitate the Restructuring, the Debtors may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.
- [44] DECLARES that, pursuant to sub-paragraph 7(3)(c) of the Personal Information Protection and Electronic Documents Act, SC 2000, c 5, the Debtors are permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to their advisers (individually, a "**Third Party**"), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Debtors binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Debtors or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Debtors.

#### **Powers of the Monitor**

- [45] ORDERS that Deloitte Restructuring Inc. is hereby appointed to monitor the business and financial affairs of the Debtors as an officer of this Court (the "**Monitor**") and that the Monitor, in addition to the prescribed powers and obligations, referred to in Section 23 of the CCAA:

- (a) shall, as soon as practicable, (i) publish once a week for two (2) consecutive weeks or as otherwise directed by the Court, in La Presse+ and the Globe & Mail National Edition and (ii) within five (5) business days after the date of this Order (A) post on the Monitor's website (the "**Website**") a notice containing the information prescribed under the CCAA, (B) make this Order publicly available in the manner prescribed under the CCAA, (C) send, in the prescribed manner, a notice to all known creditors having a claim against the Debtors of more than \$1,000, advising them that this Order is publicly available, and (D) prepare a list showing the names and addresses of such creditors and the estimated amounts of their respective claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder;
- (b) shall monitor the Debtors' receipts and disbursements;
- (c) shall assist the Debtors, to the extent required by the Debtors, in dealing with their creditors and other interested Persons during the Stay Period;
- (d) notwithstanding subparagraphs (a) to (c) above, with respect to any real property or immovable leased premises, the Debtors may, subject to the requirement of the CCAA, vacate, abandon or quit the whole, but not part of any leased premises and may permanently, but not temporally cease, downsize or shut down its operations in such leased premises;
- (e) shall assist the Debtors, to the extent required by the Debtors, with the preparation of their cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (f) shall advise and assist the Debtors, to the extent required by the Debtors, to review the Debtors' business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (g) shall assist the Debtors, to the extent required by the Debtors, with the Restructuring and in their negotiations with their creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (h) shall report to the Court on the state of the business and financial affairs of the Debtors or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order and may file consolidated reports for the Debtors;
- (i) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;
- (j) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of this Order,

including, without limitation, one or more entities related to or affiliated with the Monitor;

- (k) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under this Order or under the CCAA;
- (l) may act as a "foreign representative" of any of the Debtors or in any other similar capacity in any insolvency, bankruptcy or reorganisation proceedings outside of Canada or the United States;
- (m) may hold and administer funds in connection with arrangements made among the Debtors, any counterparties and the Monitor, or by Order of this Court; and
- (n) may perform such other duties as are required by this Order or the CCAA or by this Court from time to time.

Unless expressly authorized to do so by this Court, the Monitor shall not otherwise interfere with the business and financial affairs carried on by the Debtors, and the Monitor is not empowered to take possession of the Property nor to manage any of the business and financial affairs of the Debtors nor shall the Monitor be deemed to have done so.

- [46] ORDERS that the Debtors and their Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of this Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Debtors in connection with the Monitor's duties and responsibilities hereunder.
- [47] DECLARES that the Monitor may provide creditors and other relevant stakeholders of the Debtors with information in response to requests made by them in writing addressed to the Monitor and copied to the counsel for the Debtors. In the case of information that the Monitor has been advised by the Debtors is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Debtors unless otherwise directed by this Court.
- [48] DECLARES that if the Monitor, in its capacity as Monitor, carries on the business of the Debtors or continues the employment of the Debtors' employees, the Monitor shall benefit from the provisions of section 11.8 of the CCAA.
- [49] DECLARES that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out of the provisions of any order of this Court, except with prior leave of this Court, on at least seven days' notice to the Monitor and its counsel. The entities related to or affiliated with the Monitor shall also be entitled to the protection, benefits and privileges afforded to the Monitor pursuant to this paragraph.

- [50] ORDERS that the Debtors shall pay the reasonable fees and disbursements of the Monitor, the Monitor's legal counsel, the legal counsel for the Debtors and other advisers, directly related to these proceedings, the Plan and the Restructuring, whether incurred before or after this Order, and shall be authorized to provide each with a reasonable retainer in advance on account of such fees and disbursements, if so requested.
- [51] DECLARES that the Monitor as well as the Monitor's legal counsel (Norton Rose Fulbright Canada LLP) and the legal counsel for the Debtors (McCarthy Tétrault LLP), as security for the professional fees and disbursements incurred both before and after the making of this Order and directly related to these proceedings, the Plan and the Restructuring, be entitled to the benefit of and are hereby granted a charge, hypothec and security in the Property to the extent of the aggregate amount of \$750,000 (the "**Administration Charge**"), having the priority established by paragraphs [62] and [63] of this Order.

#### **Specific Measures with Respect to the Leases**

- [52] ORDERS that, for the use of each leased premises, the Debtors shall pay all amounts constituting rent or payable as rent under real property or immovable leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under its lease, but for greater certainty, excluding accelerated rent or penalties, fees, interests or other charges arising as a result of the insolvency of the Debtors or the making of this Order) or as otherwise may be negotiated between the Debtors and the landlord from time to time ("**Post-Filing Rent**"), for the period commencing on the Effective Time, twice-monthly in equal payments on the first and fifteenth day of each month, or the immediately following business day if that day is not a business day, in advance (but not in arrears). On the date of the first of such payments, any Post-Filing Rent relating to the period from the Effective Time to such date shall also be paid.
- [53] DECLARES that any payment of Post-Filing Rent made, whether prior to or after this Order, is made without any admission by the Debtors that they are required to pay any amount of Post-Filing Rent and such payment is made under reserve of any right or defense that the Debtors may have under the applicable lease, at law or otherwise not to pay, or to withhold or defer, any amount of Post-Filing Rent.
- [54] ORDERS that in the event the Debtors disclaim or resiliate the lease in respect of any leased premises in accordance with the CCAA, the Debtors shall not be required to pay Post-Filing Rent under such lease pending resolution of any dispute concerning furnishings, fixtures, equipment or a combination thereof located in the premises under lease (other than Post-Filing Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Debtors' claim to the fixtures in dispute. Furthermore, in the event that any landlord for the said leased premises for which a notice of disclaimer or resiliation has been sent contests the disclaimer or resiliation, Post-Filing Rent shall not be payable upon the expiry of the notice period provided for in Section 32(5) of the CCAA until the matter is determined by the Court.

- [55] DECLARES that, subject to the terms of this paragraph, where GRG USA LLC cannot operate a store in leased premises as a result of a federal, state or county decree, regulation or order (a "**Lockdown Order**"), GRG USA LLC does not use such leased premises from the time such Lockdown Order enters into force until the time such Lockdown Order is no longer in force (the "**Lockdown Period**") such that no Post-Filing Rent shall be due or payable by GRG USA LLC with respect to those leased premises for the Lockdown Period. This paragraph only applies in respect of Post-Filing Rent payable for leased premises located in the following locations:
- (a) Canoga Park, California, USA;
  - (b) Torrance, California, USA;
  - (c) Cerritos, California, USA; and
  - (d) Glendale, California, USA.
- [56] APPROVES the Sale Guidelines attached hereto as Schedule A (the "**Sale Guidelines**"), and DECLARES that if there is a conflict between this Order and the Sale Guidelines, the former shall govern.
- [57] ORDERS that each of the Debtors is authorized to conduct, market and sell (the "**Sale**") the retail inventory located in certain stores (the "**Merchandise**") and of all of the furnishings, fixtures and equipment located therein (the "**FF&E**") in accordance with this Order and the Sale Guidelines and to advertise and promote the Sale within the stores in accordance with the Sale Guidelines.
- [58] ORDERS that each of the Debtors is authorized to conduct the Sale of the Merchandise and of the FF&E in accordance with the Sale Guidelines, and all rights, title and interest in and to the Merchandise and FF&E shall vest absolutely and exclusively in and with their respective purchaser(s), free and clear of and from any and all claims, liabilities (direct, indirect, absolute or contingent), obligations, interests, prior claims, taxes, security interests (whether contractual, statutory or otherwise), liens, charges (including any charges hereafter granted by this Court in these proceedings), hypothecs, mortgages, pledges, deemed trusts, assignments, judgments, executions, writs of seizure or execution, notices of sale, options, adverse claims, levies, rights of first refusal or other pre-emptive rights in favor of third parties, restrictions on transfer of title, or other claims or encumbrances, whether or not they have attached or been perfected, registered, published or filed and whether secured, unsecured or otherwise, whenever and howsoever arising, and whether such claims arose or came into existence prior to or following the date of this Order (collectively, the "**Encumbrances**"), including, without limiting the generality of the foregoing, all charges, security interests or hypothecs evidenced by registration, publication or filing pursuant to the *Civil Code of Québec*, or any other applicable legislation providing for a security interest in personal or movable property, and, for greater certainty, ORDERS that all of the Encumbrances affecting or relating to the Merchandise and FF&E, be expunged and discharged as against the Merchandise and FF&E, in each case effective as of the sale of the Merchandise and FF&E.

- [59] DECLARES that, to the extent that the terms of the applicable leases are in conflict with any term of this Order or the Sale Guidelines, the terms of this Order and the Sale Guidelines shall govern.
- [60] DECLARES that nothing contained in this Order or the Sale Guidelines shall be construed to create or impose upon the Debtors any additional restrictions not contained in the Leases.

#### **Gift Cards and Loyalty Programs**

- [61] AUTHORIZES, notwithstanding anything to the contrary in this Order, the Debtors to continue to honour or comply with any customer deposits, pre-payments, gift cards, store credits, loyalty program and any similar programs offered by the Debtors.

#### **Priorities and General Provisions Relating to CCAA Charges**

- [62] DECLARES that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, encumbrances or security of whatever nature or kind (collectively, the "**Encumbrances**") affecting the Property whether or not charged by such Encumbrances, except that the Interim Lender Charge shall rank after the Encumbrances securing any obligation, liability or indebtedness pursuant to the credit agreement dated February 28, 2020 entered into amongst GDI, as borrower, National Bank of Canada, as administrative agent (the "**Agent**"), and National Bank of Canada, Bank of Montreal, The Toronto-Dominion Bank and Fédération des Caisses Desjardins du Québec, as lenders (the "**Secured Lenders**"), as amended pursuant to a First Amending Agreement to the Credit Agreement dated as of April 30, 2020 and a Second Amending Agreement to the Credit Agreement dated as of July 3, 2020 (the "**Secured Lenders' Existing Security**").
- [63] DECLARES that the priorities of the Administration Charge and the Directors' Charge (collectively, the "**CCAA Charges**"), as well as the Secured Lenders' Existing Security, as between them with respect to any Property to which they apply, shall be as follows:
- (a) first, the Administration Charge; and
  - (b) second, the Directors' Charge;
  - (c) third, the Secured Lenders' Existing Security; and
  - (d) fourth, the Interim Lender Charge.
- [64] ORDERS that, except as otherwise expressly provided for herein, the Debtors shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the Debtors, as applicable, obtain the prior written consent of the Monitor and the Debtors, and the prior approval of the Court.

- [65] DECLARES that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the Debtors, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
- [66] DECLARES that the CCAA Charges and the rights and remedies of the beneficiaries of the CCAA Charges, as applicable, shall be valid and enforceable and not otherwise be limited or impaired in any way by: (i) these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such application(s) or any assignment(s) in bankruptcy made or deemed to be made in respect of any of the Debtor; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease, offer to lease or other arrangement which binds the Debtors (a "**Third Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:
- (a) the creation of any of the CCAA Charges shall not create nor be deemed to constitute a breach by the Debtors of any Third Party Agreement to which any of the Debtor is a party; and
  - (b) the beneficiaries of the CCAA Charges shall not have any liability to any Debtors whatsoever as a result of any breach of any Third Party Agreement caused by or resulting from the creation of the CCAA Charges.
- [67] DECLARES that notwithstanding: (i) these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such application(s) or any assignment(s) in bankruptcy made or deemed to be made in respect of any of the Debtor; and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by any of the Debtor pursuant to this Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.
- [68] DECLARES that the CCAA Charges shall be valid and enforceable as against all Property of the Debtors and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Debtors.

#### **Hearing scheduling and details**

- [69] ORDERS that, subject to further Order of this Court, all applications in these CCAA proceedings are to be brought on not less than 5 business days' notice to all Persons on the service list. Each application shall specify a date (the "**Initial Hearing Date**") and time (the "**Initial Hearing Time**") for the hearing and must be communicated along with all materials that are required for a full comprehension of the application, including, if necessary, a report of the Monitor.

- [70] ORDERS that any Person wishing to object to the relief sought on an application in these CCAA proceedings must serve a detailed written contestation stating the objection to the application and the grounds for such objection (a "**Contestation**") in writing to the moving party, the Debtors and the Monitor, with a copy to all Persons on the service list, no later than 5 p.m. Montréal Time on the date that is three business days prior to the Initial Hearing Date (the "**Objection Deadline**").
- [71] ORDERS that, if no Contestation is served by the Objection Deadline, the Judge having carriage of the application (the "**Presiding Judge**") may determine: (a) whether a hearing is necessary; (b) whether such hearing will be in person, by telephone or by written submissions only; and (c) the parties from whom submissions are required (collectively, the "**Hearing Details**"). In the absence of any such determination, a hearing will be held in the ordinary course.
- [72] ORDERS that, if no Contestation is served by the Objection Deadline, the Debtors shall communicate with the Presiding Judge regarding whether a determination has been made by the Presiding Judge concerning the Hearing Details. The Debtors shall thereafter advise the service list of the Hearing Details and the Debtors shall report upon its dissemination of the Hearing Details to the Court in a timely manner.
- [73] ORDERS that, if a Contestation is served by the Objection Deadline, the interested parties shall appear before the Presiding Judge on the Initial Hearing Date at the Initial Hearing Time, or such earlier or later time as may be directed by the Court, to, as the Court may direct: (a) proceed with the hearing on the Initial Hearing Date and at the Initial Hearing Time; or (b) establish a schedule for the delivery of materials and the hearing of the contested application and such other matters, including interim relief, as the Court may direct.

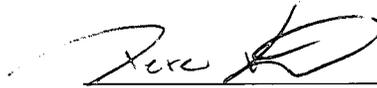
#### **General**

- [74] ORDERS that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisors of the Debtors or of the Monitor in relation to the Business or Property of the Debtors, without first obtaining leave of this Court, upon ten (10) days' written notice to the Debtors counsel, the Monitor's counsel, and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
- [75] DECLARES that this Order and any proceeding or affidavit leading to this Order, shall not, in and of themselves, constitute a default or failure to comply by the Debtors under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.
- [76] DECLARES that, except as otherwise specified herein, the Debtors and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Debtors and that any such service shall be deemed to be received on the date of delivery if by

personal delivery or electronic transmission, on the following business day if delivered by courier, or three business days after mailing if by ordinary mail.

- [77] DECLARES that the Debtors and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing an electronic copy of such materials to counsels' email addresses.
- [78] DECLARES that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served a Notice of Appearance on counsel for the Debtors and counsel for the Monitor and has filed such notice with this Court, or appears on the service list prepared by counsel for the Monitor, save and except when an order is sought against a Person not previously involved in these proceedings.
- [79] DECLARES that the Debtors or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of this Order on notice only to each other.
- [80] DECLARES that this Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
- [81] AUTHORIZES Groupe Dynamite Inc. to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America, or elsewhere, for orders which aid and complement this Order and any subsequent orders of this Court and, without limitation to the foregoing, any orders under Chapter 15 of the U.S. Bankruptcy Code, including an order for recognition of these CCAA proceedings as "Foreign Main Proceedings" in the United States of America pursuant to Chapter 15 of the U.S. Bankruptcy Code, and for which Groupe Dynamite Inc. shall be the foreign representative of the Debtors (the "**Foreign Representative**"). All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Debtors and the Foreign Representative as may be deemed necessary or appropriate for that purpose.
- [82] REQUESTS the aid and recognition of any Court, tribunal, regulatory or administrative body in Canada, the United States of America or elsewhere, to give effect to this Order and to assist the Debtors, 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 Debtors, and the Monitor as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor or the authorized representative of the Debtors in any foreign proceeding, to assist the Debtors, and the Monitor, and to act in aid of and to be complementary to this Court, in carrying out the terms of this Order.

- [83] DECLARES that, for the purposes of any applications authorized by paragraphs [81] and [82], Debtors' centre of main interest is located in the province of Québec, Canada.
- [84] ORDERS that Exhibit P-2, Appendices B, C and D to Exhibit P-6, and the Appendices to the Second Report of the Monitor dated September 16, 2020 in support of the Application are confidential and are filed under seal, and PRAYS ACT of the Debtors' undertaking to communicate any of those exhibits to certain creditors following an undertaking of confidentiality.
- [85] ORDERS the provisional execution of this Order notwithstanding any appeal.



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The Honourable Peter Kalichman, J.S.C.

## Schedule A

### SALE GUIDELINES

The following procedures shall apply to any sales to be held by either Groupe Dynamite Inc., GRG USA Holdings Inc., and GRG USA LLC, (each, "**Groupe Dynamite**") at stores for which Groupe Dynamite sent a notice pursuant to section 32 of the *Companies' Creditors Arrangement Act* (respectively the "**Stores**" and the "**CCAA**"). Terms capitalized but not defined in these Sale Guidelines have the meanings ascribed to them in the order rendered by the Superior Court of Québec (Commercial Division) (the "**Court**") in the file bearing number 500-11-058763-208 on September 8, 2020 (the "**Canadian Order**"), which Canadian Order was approved by the United States Bankruptcy Court for the District of Delaware on September 9, 2020, under Chapter 15 of the US Bankruptcy Code (the "**US Order**"). In the Sale Guidelines below, the term "**Order**" means either the Canadian Order if the Store is located in Canada or the Canadian Order as approved by the US Order if the Store is located in the United States,

1. Except as otherwise expressly set out herein, and subject to: (i) the Order; or (ii) the provisions of the CCAA and any further Order of the Court; or (iii) any subsequent written agreement between Groupe Dynamite and its applicable landlord(s) (individually, a "**Landlord**" and, collectively, the "**Landlords**"), the Sale shall be conducted in accordance with the terms of the applicable leases and other occupancy agreements for each of the Stores (individually, a "**Lease**" and, collectively, the "**Leases**"). However, nothing contained herein shall be construed to create or impose upon Groupe Dynamite any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Stores remain open during their normal hours of operation provided for in the respective Lease for the Stores until Groupe Dynamite vacates the leased premises, it being understood that Groupe Dynamite shall have vacated the Stores no later than the earliest of: (i) the expiry of the notice period provided for in the notice to disclaim or resiliate the respective Lease and (ii) 90 days following the date of the notice to disclaim or resiliate the respective Lease, unless otherwise agreed between Groupe Dynamite and the applicable Landlord or ordered by the Court (the "**Vacate Date**"). Groupe Dynamite will be entitled to start the liquidation on the day a termination or disclaimer notice is sent for a specific Store.
3. The Sale shall be conducted in accordance with applicable federal, provincial, state and municipal laws, unless otherwise ordered by the Court.
4. All display and hanging signs used in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, Groupe Dynamite may advertise the Sale at the Stores as a "everything on sale", "everything must go", "store closing" or similar theme sale at the Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "liquidation" or a "going out of business" sale, it being understood that the French equivalent of "clearance" is "liquidation" and that "liquidation" is permitted to be used in French language signs). Forthwith upon request, Groupe Dynamite shall provide the proposed signage packages along with proposed dimensions by e-mail or facsimile to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify Groupe Dynamite of any requirement for such signage to otherwise comply with the terms of the Lease and/or the Sale Guidelines and where the provisions of the Lease conflicts with these Sale Guidelines, these Sale Guidelines shall govern. Groupe Dynamite shall not use neon or day-glow signs or any handwritten signage (save that handwritten "you pay" or "topper" signs may be used). If a Landlord is concerned with "Store Closing" signs being placed in the front window of a Store or with the number or size of

the signs in the front window, Groupe Dynamite and the Landlord will work together to resolve the dispute. Nothing contained herein shall be construed to create or impose upon Groupe Dynamite any additional restrictions not contained in the applicable Leases. In addition, Groupe Dynamite shall be permitted to utilize exterior banners/signs at stand alone or strip mall Stores or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used; and (ii) where such banners are not explicitly permitted by the applicable Lease and the Landlord requests in writing that banners are not to be used, then no banners shall be used absent further order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of Groupe Dynamite. Groupe Dynamite shall not utilize any commercial trucks to advertise the Sale on Landlord's property or mall ring roads.

5. Groupe Dynamite shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre or mall premises.
6. Groupe Dynamite shall be entitled to include additional merchandise in the Sale; provided that (a) the additional merchandise is currently in the possession of Groupe Dynamite or any of its affiliates (including in their warehouses) or has previously been ordered by or on behalf of Groupe Dynamite or its affiliates; and (b) the additional merchandise is of like kind and category and no lesser quality to Groupe Dynamite merchandise, and consistent with any restriction on usage of the Stores set out in applicable Leases.
7. Conspicuous signs shall be posted in the cash register areas of each Store to the effect that all sales are "final" and customers with any questions or complaints are to contact Groupe Dynamite.
8. Groupe Dynamite shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord's property, unless explicitly permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, Groupe Dynamite may solicit customers in the Stores themselves. Groupe Dynamite shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the Landlord.
9. At the conclusion of the Sale in each Store, Groupe Dynamite shall arrange that the premises for each Store are in "broom-swept" and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than Groupe Dynamite FF&E (as defined below) for clarity) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease and in accordance with the Order. Any trade fixtures or personal property left in a Store after the applicable Vacate Date in respect of which the applicable Lease has been disclaimed by Groupe Dynamite shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Groupe Dynamite.

10. Subject to the terms of paragraph 8 above, Groupe Dynamite may sell its furniture, fixtures and equipment ("FF&E") located in the Stores during the Sale. For greater certainty, FF&E does not include any portion of the Stores' HVAC, sprinkler, fire suppression and fire alarm systems. Groupe Dynamite may advertise the sale of FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the Landlord. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove the FF&E either through the back shipping areas designated by the Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if the FF&E can fit in a shopping bag, with Landlord's supervision as required by the Landlord and in accordance with the Order. Groupe Dynamite shall repair any damage to the Stores resulting from the removal of any FF&E by third party purchasers of FF&E. Any FF&E not sold as at the Vacate Date shall be deemed abandoned.
11. Groupe Dynamite shall not make any alterations to interior or exterior Store lighting, except in respect of the movable track light system or as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
12. Groupe Dynamite hereby provides notice to the Landlords of its intention to sell and remove FF&E from the Stores. Groupe Dynamite shall make commercially reasonable efforts to arrange with each Landlord that so requests, a walk-through to identify the FF&E subject to the Sale. The relevant Landlord shall be entitled upon request to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes Groupe Dynamite's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between Groupe Dynamite and such Landlord, or by further order of the Court upon application by Groupe Dynamite on at least two (2) days' notice to such Landlord and the Monitor.
13. When a notice of disclaimer or rescission is delivered pursuant to the CCAA to a Landlord and the Store in question has not yet been vacated, then: (a) during the notice period prior to the effective time of the disclaimer or rescission, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving Groupe Dynamite and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer or rescission, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against Groupe Dynamite in respect of such Lease or Store, provided that nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.
14. Groupe Dynamite and the Landlords shall have the rights of access to the Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
15. Groupe Dynamite shall not conduct any auctions of Merchandise or FF&E at any of the Stores.
16. Groupe Dynamite shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact shall be Ciro Falluh who may be reached by phone at +1 514-733-3962 ext.: 684 or email at [cfalluh@dynamite.ca](mailto:cfalluh@dynamite.ca). If the parties are unable to resolve the dispute between themselves, the Landlord or Groupe Dynamite shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties, subject to the availability of the Court, during which

time Groupe Dynamite shall cease all activity in dispute other than activity expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, Groupe Dynamite shall not be required to take any such banner down pending determination of any dispute.

17. Nothing herein is or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended by written agreement between Groupe Dynamite and the applicable Landlord.

**EXHIBIT B**

**Judgment**

**SUPERIOR COURT**  
(Commercial Division)

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

No: 500-17-058763-208

DATE: May 18, 2021

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**BEFORE: THE HONOURABLE PETER KALICHMAN, J.S.C.**

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**GROUPE DYNAMITE INC.**  
**GRG USA HOLDINGS INC.**  
**GRG USA LLC**  
Petitioners

v.

**DELOITTE RESTRUCTURING INC.**  
Monitor

and

**MINISTRY OF ATTORNEY GENERAL OF BRITISH COLUMBIA**  
Respondent

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**JUDGMENT**  
**(Application to amend an initial order with respect to the payment of sales tax)**

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500-17-058763-208

PAGE: 2

## OVERVIEW

[1] The Court is asked to amend an initial order it issued under the *Companies' Creditors Arrangement Act* (the **CCAA** or the **Act**), to relieve the Debtors of their obligation to remit sales taxes accrued or collected prior to the CCAA filing (the **Application**).

[2] The Application is contested by the Ministry of Attorney General of British Columbia (the **BC Tax Authority**).

## CONTEXT

[3] Groupe Dynamite Inc. operates over 300 retail stores in Canada and the U.S. under the names, Dynamite and Garage. The business was severely impacted by the Covid-19 pandemic and the government-imposed restrictions which followed. As a result, attempts were made to negotiate with landlords and, while this was going on, rent was withheld. Soon thereafter, Groupe Dynamite Inc., along with its US affiliates, GRG USA Holdings Inc. and GRG USA LLC (collectively **Dynamite**), filed an Application for an Initial Order and an Amended and Restated Initial Order for the purpose of pursuing a restructuring of its business under the CCAA.

[4] The Court rendered an Initial Order on September 8, 2020 (the **Initial Order**)<sup>1</sup> suspending all legal proceedings against Dynamite. An Amended and Restated Initial Order was rendered ten days later (the **ARIO**).<sup>2</sup>

[5] The Initial Order contains a provision regarding sales taxes (the **Sales Tax Provision**), which was restated in the ARIO. It reads as follows:

[22] ORDERS that the Debtors shall remit, in accordance with legal requirements, or pay

[...]

(b) all goods and services, harmonized sales or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Debtors and in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order.

[6] The Sales Tax Provision requires Dynamite to pay sales taxes that are accrued or collected after the date of the Initial Order (September 8, 2020) (**Post-Filing Sales Taxes**). It also requires Dynamite to pay sales taxes accrued or collected before the Initial Order which are not required to be remitted until afterwards (the **Straddle Period Sales Taxes**).

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<sup>1</sup> Exhibit P-1.

<sup>2</sup> Exhibit P-2.

500-17-058763-208

PAGE: 3

[7] Sales taxes collected in the Province of British Columbia must be paid to the BC Tax Authority (**BC Sales Taxes**).<sup>3</sup>

[8] In August, 2020, the British Columbia Legislature enacted the *Economic Stabilization (Covid-19) Act* (the **Stabilization Act**). The Stabilization Act extended the date on which BC Sales Taxes were payable. More specifically, BC Sales Taxes that would otherwise have been payable between March 24, 2020 and September 29, 2020, were only payable on September 30, 2020.

[9] All BC Sales Taxes collected by Dynamite after the Initial Order have been remitted to the BC Tax Authority. However, from March 2020 to September 2020, Dynamite collected \$ 1,183,315.74 in BC Sales Taxes, of which \$ 993,944.12 has not been remitted. The BC Tax Authority has demanded payment of that sum as Straddle Period Sales Taxes.

[10] No other province has claimed Straddle Period Sales Taxes from Dynamite or taken a position with respect to the Application.

[11] Dynamite recognizes that the drafting of the Sales Tax Provision supports the position of the BC Tax Authority. However, it asks the Court to issue an amended ARIO to limit the application of the Sales Tax Provision to Post-Filing Sales Taxes. Under the proposed amendment, Straddle Period Sales Taxes would be treated as post-filing claims; that is to say that they would be unsecured claims that would be dealt with as part of the eventual compromise or arrangement between Dynamite and its creditors.

## **GENERAL PRINCIPLES**

[12] The purpose of the CCAA is to facilitate the making of a compromise or arrangement between an insolvent debtor and its creditors so that the company is able to continue its business. To ensure that companies have breathing space in which to craft a viable plan of arrangement, a court will typically suspend legal action against the debtor as part of an initial order. The courts will then supervise the restructuring process with a view to ensuring that the policy objectives of the CCAA are met.

[13] The initial order often contains what is known as a "come-back" provision, which specifies that parties can come back before the court to vary or amend the order. However, with or without a comeback provision, courts have broad statutory authority under the CCAA to amend or vary their orders where circumstances make it appropriate to do so.<sup>4</sup>

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<sup>3</sup> The delay in which payment is to be made is established by regulation. *Provincial Sales Tax Act*, SBC 2021, c 35; *Provincial Sales Tax Regulation*, B.C. Reg. 96/2013.

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500-17-058763-208

PAGE: 4

[14] Dynamite's application is based on s. 11 of the CCAA which gives the courts extremely broad discretion to make any order that they consider appropriate in the circumstances, subject to the restrictions set out in the Act. When exercising this discretion, courts should refer to "appropriateness, good faith, and due diligence" as baseline considerations.<sup>5</sup> An order is appropriate if it advances the policy objectives of the CCAA and employs means that are fair and reasonable.<sup>6</sup>

## THE POSITIONS OF THE PARTIES

### *Dynamite*

[15] Dynamite recognizes that it requested the wording of the Sales Tax Provision that was incorporated into the Initial Order and the ARIO. Its Vice-President, Finance, explains that the CCAA filing was prepared on an emergency basis after several of its landlords locked them out of their premises. As a result, neither he nor any other member of Dynamite's management team, realized the problem that the drafting of the Sales Tax Provision would create. More specifically, they assumed that Straddle Period Sales Taxes would be dealt with like other pre-filing claims and did not realize that Dynamite would be required to pay them immediately and in full.

[16] To further complicate matters, Dynamite points out that at the time of its initial filing under the CCAA, it owed far more in sales taxes than it normally would have. This was due to two distinct factors. First, because it had ceased to pay rent, it was unable to use its input tax credits to offset the amount of sales tax owed. Second, as a result of the Stabilization Act, Dynamite was able to defer several months' worth of sales taxes owed to the BC Tax Authority. Because they were focused on Dynamite's overall debt, which exceeded \$ 350 million, management did not pick up on the fact that an amount exceeding \$ 4.5 million in Straddle Period Sales Taxes would be owing as a result of the wording of the Sales Tax Provision.

[17] The Sales Tax Provision contained in the Initial Order and the ARIO was based on the Ontario Superior Court of Justice, Commercial List Form CCAA Initial Order (the **Ontario Model**) as opposed to the Bar of Montreal's model CCAA Initial Order (the **Quebec Model**). The Ontario Model requires debtors to pay Post-Filing Sales Taxes as well as Straddle Period Sales Taxes. The Quebec Model only requires debtors to remit Post-Filing Sales Taxes.

[18] While the Ontario Model order has been used in Quebec<sup>7</sup>, Dynamite argues that that it is not appropriate here. Straddle Period Sales Taxes are simply pre-filing claims and if they are required to be paid, the BC Tax Authority would receive a significant advantage over other creditors with unsecured claims. Furthermore, although no other

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<sup>7</sup> *In re: Le Groupe SMI Inc.* 500-11-055122-184, C.S. Mtl. (Coriveau, J.), August 24, 2018; *In re: Nemaska Lithium Inc.*, 500-11-057716-199, C.S. Mtl. (Gouin, J.), 23 décembre, 2019.

500-17-058763-208

PAGE: 5

province has as yet claimed Straddle Period Sales Taxes, Dynamite submits that if it is required to satisfy the claim of the BC Tax Authority, it will likely face claims from the other provinces, which total over \$3.5 million. This, it argues, could jeopardize its ability to craft a viable plan of arrangement. Consequently, Dynamite maintains that the current drafting of the Sales Tax Provision is inconsistent with the remedial objectives of the CCAA.

[19] Finally, Dynamite submits that the Court has the discretion to grant the Application and that doing so is appropriate and consistent with the objectives of the CCAA.

### ***The BC Tax Authority***

[20] The BC Tax Authority recognizes that the Court can amend its previous orders but argues that it would be inappropriate to do so here. It maintains that typically an order is amended or revised because a stakeholder did not have an opportunity to contest the initial order or because there has been a change in circumstance. Neither of those situations applies here.

[21] According to the BC Tax Authority, Dynamite has provided no compelling justification for the amendment it seeks. It argues that the explanations Dynamite has provided demonstrate a complete lack of diligence that the Court should not endorse. Firstly, the wording of the Sales Tax Provision, which Dynamite chose to include in its application for the issuance of an initial order, is clear and unambiguous. The fact that the same wording is part of the Ontario Model and has been previously incorporated into orders issued in Quebec, confirms that it is not inconsistent with the objectives of the CCAA. Second, Dynamite was not only aware of the Stabilization Act, it benefitted from it. As a result, Dynamite knew or ought to have known the full impact of the Sales Tax Provision.

[22] Since Dynamite does not invoke new circumstances to justify its request, the BC Tax Authority argues that the Application amounts to a disguised appeal and should be dismissed. In support of this argument, it refers to the decision in *Conporec*.<sup>8</sup>, where Justice Parent ruled that an application similar to the one at issue here, amounted to an appeal as it raised no new grounds. Justice Parent dismissed the application and leave to appeal was not granted.<sup>9</sup>

[23] In addition, the BC Tax Authority adds that Dynamite failed to act diligently even when it became clear that its interpretation or understanding of the Sales Tax Provision was incorrect. More specifically, Dynamite waited six months after receiving a request from the BC Tax Authority to pay Straddle Period Sales Taxes, before bringing the Application.

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<sup>8</sup> *Conporec inc. (Arrangement relative à)*, 2008 QCCS 4813, par. 32.

<sup>9</sup> *Parc industriel Laprade inc. c. Conporec inc.*, 2008 QCCA 2222.

500-17-058763-208

PAGE: 6

[24] Finally, the BC Tax Authority argues that the proposed amendment is neither fair nor equitable and should not be granted where it causes harm to a third party. The Straddle Period Sales Taxes were collected by Dynamite, they have been claimed on the basis of orders validly issued by this Court and the BC Tax Authority should be entitled to receive that payment. If having to pay Straddle Period Sales Taxes makes it more difficult for Dynamite to craft a viable plan of arrangement – and the BC Tax Authority takes no position on that issue – this is entirely due to Dynamite's own lack of diligence. The Court should not allow Dynamite to correct its mistake at the expense of the BC Tax Authority.

[25] In the alternative, the BC Tax Authority submits that if an amendment is authorized, the Court should shorten the Straddle Period and provide that the Debtors shall remit "Sales Taxes accrued or collected prior to August 1<sup>st</sup>, 2020, but not required to be remitted until on or after" the Initial Order. In this way, the BC Tax Authority would effectively be on an equal footing with other provinces and would not be prejudiced by the generous deferral period provided for in the Stabilization Act.

#### **THE COURT'S DECISION**

[26] For the following reasons, the Court concludes that granting the Application is an appropriate use of its discretion under s. 11 CCAA.

[27] To begin with, Dynamite is acting in good faith. The drafting of the Sales Tax Provision did not reflect Dynamite's intentions or its objectives in launching the restructuring process and it now seeks to correct that situation. There is no evidence to suggest that Dynamite has derived any benefit from seeking to amend the Sales Tax Provision now as opposed to having adopted the proposed wording from the outset. On the contrary, it is quite clear to the Court that, given the opportunity to redo the application for the issuance of an initial order, Dynamite would have based the Sales Tax Provision on the Quebec Model.

[28] There is no dispute that the proposed amendment furthers the principal policy objective of the CCAA. Dynamite's ability to craft a viable plan of arrangement will be enhanced if it can make use of the funds that would otherwise be used to pay Straddle Period Sales Taxes, particularly if other provinces were eventually to bring a similar claim to that of the BC Tax Authority. In this respect, the amendment is consistent with the remedial purpose of the CCAA, which is to avoid "the social and economic losses resulting from liquidation of an insolvent company."<sup>10</sup>

[29] Sales taxes accrued or collected prior to the Initial Order benefit from no priority under the CCAA.<sup>11</sup> They are pre-filing claims and are generally paid as part of the plan

<sup>10</sup> *Century Services Inc. v. Canada (Attorney General)*, [2010] 3 S.C.R. 379, par. 70.

<sup>11</sup> Arts. 37 and 38 CCAA and *Métaux Kitco inc (Arrangement relatif à)*, 2016 QCCS 444, pars. 59-64, confirmed in 2017 QCCA 268.

500-17-058763-208

PAGE: 7

of arrangement.<sup>12</sup> Exceptions to this rule should be construed narrowly and should only be made when they enhance the debtor's ability to carry on its business while working on a plan of arrangement.<sup>13</sup> This may have been the case in the two Quebec orders to which the Court was referred and which were based on the Ontario Model in regards to sales taxes.<sup>14</sup> At any rate, nothing in the evidence suggests that that is the case here.

[30] By treating Straddle Period Sales Taxes as unsecured claims, the proposed amendment will also ensure a more equitable distribution of Dynamite's assets, which is a key objective of the CCAA.<sup>15</sup>

[31] The BC Tax Authority argues that retroactively modifying a court order when there has been no change in circumstances amounts to an appeal and is an inappropriate use of the Court's discretion as was decided in *Conporec*. The Court does not share this view. The decision in *Conporec*, which was decided on its own set of facts, does not bind this Court. Furthermore, it should be noted that in her reasons for refusing to grant leave to appeal from that decision, Justice Thibault indicated that she was not convinced that the motions judge was correct in determining that an application to vary the initial order was not an appropriate remedy.<sup>16</sup> From the Court's perspective, the fact that there has been no significant change in circumstances since the Initial Order was rendered does not preclude a party from seeking to vary the order; it is rather a factor to be considered in the application of s. 11 CCAA. More specifically, it raises the issue of Dynamite's diligence in bringing the Application, which the Court will deal with next.

[32] There is no doubt that Dynamite could have avoided this issue altogether or, at the very least, have acted sooner to bring the Application. It is true that the CCAA proceedings were instituted in haste and that Dynamite management did not realize the consequences of the Sales Tax Provision or fully take account of the impact of the Stabilization Act on the amount of accrued sales tax. However, neither of these factors was beyond Dynamite's control.

[33] Does this mean that the Application should be dismissed for lack of due diligence? The Court does not think so.

[34] In determining whether or not it is appropriate to exercise its discretion under s. 11 CCAA, the issue of due diligence should not be analysed in a vacuum. It is

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<sup>12</sup> Art. 19 CCAA.

<sup>13</sup> *Soccer Express Trading Corp. Re.* 2020 BCSC 749, par. 83.

<sup>14</sup> In re: *Le Groupe SMI Inc.* 500-11-055122-184, C.S. Mtl. (Coriveau, J.), August 24, 2018; In re: *Nemaska Lithium Inc.*, 500-11-057716-199, C.S. Mtl. (Gouin, J.), December 23, 2019. It should be noted that no detailed reasons were provided in either of those cases.

<sup>15</sup> *Century Services Inc. v. Canada (Attorney General)*, [2010] 3 S.C.R. 379, par. 22; *Métaux Kitco inc (Arrangement relatif à)*, 2016 QCCS 444, pars. 48 and 50, confirmed in 2017 QCCA 268.

<sup>16</sup> *Parc industriel Laprade inc. c. Conporec inc.*, 2008 QCCA 2222, par. 32.

500-17-058763-208

PAGE: 8

necessary to consider the consequences of Dynamite's failure to act with greater diligence.

[35] The BC Tax Authority argues that it is harmed by the proposed amendment because it will not receive the sales taxes to which it is entitled but will instead have to claim them as an unsecured creditor. In its view, a court order rendered in the context of insolvency proceedings should not be modified to the detriment of a good faith creditor.

[36] The Court is sympathetic to the position of the BC Tax Authority. It too has acted in good faith and, based on the Initial Order and the ARIO, had every reason to expect that it would be paid Straddle Period Sales Taxes. However, retroactively modifying the Initial Order puts the BC Tax Authority in precisely the same position it would have been in had the proposed wording of the Sales Tax Provision been included from the outset. This is not a situation where a third party relied in good faith on the wording of a court order and will be unable to unwind the harm that it will suffer if the order is retroactively modified.<sup>17</sup> The BC Tax Authority has not taken any decisions or made any commitments on the basis of the current wording. Furthermore, the Sales Tax Provision was not the result of an agreement that is now being reneged on. In short, even though Dynamite could have acted more diligently, the Court does not agree that the proposed amendment prejudices the BC Tax Authority or any other creditor and concludes that the criteria of due diligence has been satisfied.

[37] The Court recognizes that the Straddle Period Sales Taxes owing to the BC Tax Authority are higher than they would have been if not for the Stabilization Act. In a sense, it is true to say that BC has been harmed by its own generosity. By suggesting an alternative cut-off date of August 1, 2020 for Straddle Period Taxes (i.e. roughly five weeks before the Initial Order was issued), the BC Tax Authority seeks to minimize the impact of the proposed amendment. This modification would level the field between BC and the other provinces which either did not extend the period in which sales taxes were to be paid or granted a shorter extension than that which was provided for in the Stabilization Act.

[38] The Court does not agree that the alternative conclusion proposed by the BC Tax Authority would be an appropriate use of its discretion. Firstly, it is important to remember that while the Stabilization Act puts BC at a relative disadvantage, it is not the only province that is owed Straddle Period Sales Taxes. As was indicated earlier, over and the above claim of the BC Tax Authority, there remains \$3.5 million owing to other provinces. Furthermore, as the Monitor noted in his testimony, the Stabilization

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<sup>17</sup> This was the case in *White Birch Paper Holding Company (Arrangement relative à)*, 2012 QCCS 1679, pars. 223 and 236. See also *Aveos Fleet Performance Inc./Aveos Performance aéronautique inc. (Arrangement relatif à)*, 2013 QCCS 5762 (CanLII), par. 91-93; Although the context is different, the analysis of Justice Morawetz in *Target Canada Co. (Re)*, 2016 ONSC 316, is also helpful in appreciating the distinction between an order that has been the subject of negotiation or which has been relied on by creditors and an order, such as the one at issue here, which has not.

500-17-058763-208

PAGE: 9

Act has the same impact vis-à-vis the BC Tax Authority as favourable credit terms might have on a supplier. The claim of a supplier who gave a debtor 60 days in which to pay for goods sold may be higher than its competitor who gave only 30 day terms. The result may be unfortunate but it is inevitable that when an initial CCAA order is rendered, the impact on the creditors will vary depending on the status of their relationship with the debtor. The alternative solution proposed would place the BC Tax Authority on an equal footing with the other provinces but would provide it with an advantage over other unsecured creditors and would allow for partial payment of a pre-filing debt. Neither of these outcomes is warranted under the circumstances.

[39] That said, the Court agrees with the BC Tax Authority that the Application should not be granted with costs. The situation which led to the Application was not of its doing. It should not be condemned to costs for having relied on the terms of a court order even though those terms will now be modified.

**FOR THESE REASONS, THE COURT:**

[40] **GRANTS** the Application to Amend the Amended and Restated Initial Order with respect to the British Columbia Provincial Sales Tax as per the Re-Amended and Restated Initial Order signed this day;

[41] **AUTHORIZES** the following amendment to paragraph 22 (b) of the Initial Order dated September 8, 2020 (as amended and restated on September 18, 2020);

[22] **ORDERS** that the Debtors shall remit, in accordance with legal requirements, or pay:

(b) all goods and services, harmonized sales or other applicable sales taxes (collectively "Sales Taxes" required to be remitted by the Debtors and in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes are accrued or collected after the date of this Order.

[42] **WITHOUT JUDICIAL COSTS.**



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PETER KALICHMAN, J.S.C.

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Gabriel Faure  
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500-17-058763-208

PAGE: 10

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Date of hearing: April 19, 2021

**EXHIBIT C**

**Rectified Judgment**

**SUPERIOR COURT**  
(Commercial Division)

CANADA  
PROVINCE OF QUEBEC  
DISTRICT OF MONTREAL

No: 500-11-058763-208

DATE: May 18, 2021

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**GROUPE DYNAMITE INC.**  
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**GRG USA LLC**  
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v.  
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and

**MINISTRY OF ATTORNEY GENERAL OF BRITISH COLUMBIA**  
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**RECTIFIED JUDGMENT**  
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500-11-058763-208

PAGE: 2

## OVERVIEW

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500-11-058763-208

PAGE: 3

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500-11-058763-208

PAGE: 4

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500-11-058763-208

PAGE: 5

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[19] Finally, Dynamite submits that the Court has the discretion to grant the Application and that doing so is appropriate and consistent with the objectives of the CCAA.

### ***The BC Tax Authority***

[20] The BC Tax Authority recognizes that the Court can amend its previous orders but argues that it would be inappropriate to do so here. It maintains that typically an order is amended or revised because a stakeholder did not have an opportunity to contest the initial order or because there has been a change in circumstance. Neither of those situations applies here.

[21] According to the BC Tax Authority, Dynamite has provided no compelling justification for the amendment it seeks. It argues that the explanations Dynamite has provided demonstrate a complete lack of diligence that the Court should not endorse. Firstly, the wording of the Sales Tax Provision, which Dynamite chose to include in its application for the issuance of an initial order, is clear and unambiguous. The fact that the same wording is part of the Ontario Model and has been previously incorporated into orders issued in Quebec, confirms that it is not inconsistent with the objectives of the CCAA. Second, Dynamite was not only aware of the Stabilization Act, it benefitted from it. As a result, Dynamite knew or ought to have known the full impact of the Sales Tax Provision.

[22] Since Dynamite does not invoke new circumstances to justify its request, the BC Tax Authority argues that the Application amounts to a disguised appeal and should be dismissed. In support of this argument, it refers to the decision in *Conporec*.<sup>8</sup>, where Justice Parent ruled that an application similar to the one at issue here, amounted to an appeal as it raised no new grounds. Justice Parent dismissed the application and leave to appeal was not granted.<sup>9</sup>

[23] In addition, the BC Tax Authority adds that Dynamite failed to act diligently even when it became clear that its interpretation or understanding of the Sales Tax Provision was incorrect. More specifically, Dynamite waited six months after receiving a request from the BC Tax Authority to pay Straddle Period Sales Taxes, before bringing the Application.

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<sup>8</sup> *Conporec inc. (Arrangement relative à)*, 2008 QCCS 4813, par. 32.

<sup>9</sup> *Parc industriel Laprade inc. c. Conporec inc.*, 2008 QCCA 2222.

500-11-058763-208

PAGE: 6

[24] Finally, the BC Tax Authority argues that the proposed amendment is neither fair nor equitable and should not be granted where it causes harm to a third party. The Straddle Period Sales Taxes were collected by Dynamite, they have been claimed on the basis of orders validly issued by this Court and the BC Tax Authority should be entitled to receive that payment. If having to pay Straddle Period Sales Taxes makes it more difficult for Dynamite to craft a viable plan of arrangement – and the BC Tax Authority takes no position on that issue – this is entirely due to Dynamite’s own lack of diligence. The Court should not allow Dynamite to correct its mistake at the expense of the BC Tax Authority.

[25] In the alternative, the BC Tax Authority submits that if an amendment is authorized, the Court should shorten the Straddle Period and provide that the Debtors shall remit “Sales Taxes accrued or collected prior to August 1<sup>st</sup>, 2020, but not required to be remitted until on or after” the Initial Order. In this way, the BC Tax Authority would effectively be on an equal footing with other provinces and would not be prejudiced by the generous deferral period provided for in the Stabilization Act.

#### **THE COURT’S DECISION**

[26] For the following reasons, the Court concludes that granting the Application is an appropriate use of its discretion under s. 11 CCAA.

[27] To begin with, Dynamite is acting in good faith. The drafting of the Sales Tax Provision did not reflect Dynamite’s intentions or its objectives in launching the restructuring process and it now seeks to correct that situation. There is no evidence to suggest that Dynamite has derived any benefit from seeking to amend the Sales Tax Provision now as opposed to having adopted the proposed wording from the outset. On the contrary, it is quite clear to the Court that, given the opportunity to redo the application for the issuance of an initial order, Dynamite would have based the Sales Tax Provision on the Quebec Model.

[28] There is no dispute that the proposed amendment furthers the principal policy objective of the CCAA. Dynamite’s ability to craft a viable plan of arrangement will be enhanced if it can make use of the funds that would otherwise be used to pay Straddle Period Sales Taxes, particularly if other provinces were eventually to bring a similar claim to that of the BC Tax Authority. In this respect, the amendment is consistent with the remedial purpose of the CCAA, which is to avoid “the social and economic losses resulting from liquidation of an insolvent company.”<sup>10</sup>

[29] Sales taxes accrued or collected prior to the Initial Order benefit from no priority under the CCAA.<sup>11</sup> They are pre-filing claims and are generally paid as part of the plan

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<sup>10</sup> *Century Services Inc. v. Canada (Attorney General)*, [2010] 3 S.C.R. 379, par. 70.

<sup>11</sup> Arts. 37 and 38 CCAA and *Métaux Kitco inc (Arrangement relatif à)*, 2016 QCCS 444, pars. 59-64, confirmed in 2017 QCCA 268.

500-11-058763-208

PAGE: 7

of arrangement.<sup>12</sup> Exceptions to this rule should be construed narrowly and should only be made when they enhance the debtor's ability to carry on its business while working on a plan of arrangement.<sup>13</sup> This may have been the case in the two Quebec orders to which the Court was referred and which were based on the Ontario Model in regards to sales taxes.<sup>14</sup> At any rate, nothing in the evidence suggests that that is the case here.

[30] By treating Straddle Period Sales Taxes as unsecured claims, the proposed amendment will also ensure a more equitable distribution of Dynamite's assets, which is a key objective of the CCAA.<sup>15</sup>

[31] The BC Tax Authority argues that retroactively modifying a court order when there has been no change in circumstances amounts to an appeal and is an inappropriate use of the Court's discretion as was decided in *Conporec*. The Court does not share this view. The decision in *Conporec*, which was decided on its own set of facts, does not bind this Court. Furthermore, it should be noted that in her reasons for refusing to grant leave to appeal from that decision, Justice Thibault indicated that she was not convinced that the motions judge was correct in determining that an application to vary the initial order was not an appropriate remedy.<sup>16</sup> From the Court's perspective, the fact that there has been no significant change in circumstances since the Initial Order was rendered does not preclude a party from seeking to vary the order; it is rather a factor to be considered in the application of s. 11 CCAA. More specifically, it raises the issue of Dynamite's diligence in bringing the Application, which the Court will deal with next.

[32] There is no doubt that Dynamite could have avoided this issue altogether or, at the very least, have acted sooner to bring the Application. It is true that the CCAA proceedings were instituted in haste and that Dynamite management did not realize the consequences of the Sales Tax Provision or fully take account of the impact of the Stabilization Act on the amount of accrued sales tax. However, neither of these factors was beyond Dynamite's control.

[33] Does this mean that the Application should be dismissed for lack of due diligence? The Court does not think so.

[34] In determining whether or not it is appropriate to exercise its discretion under s. 11 CCAA, the issue of due diligence should not be analysed in a vacuum. It is

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<sup>12</sup> Art. 19 CCAA.

<sup>13</sup> *Soccer Express Trading Corp. Re.* 2020 BCSC 749, par. 83.

<sup>14</sup> In re: *Le Groupe SMI Inc.* 500-11-055122-184, C.S. Mtl. (Corriveau, J.), August 24, 2018; In re: *Nemaska Lithium Inc.*, 500-11-057716-199, C.S. Mtl. (Gouin, J.), December 23, 2019. It should be noted that no detailed reasons were provided in either of those cases.

<sup>15</sup> *Century Services Inc. v. Canada (Attorney General)*, [2010] 3 S.C.R. 379, par. 22; *Métaux Kitco inc (Arrangement relatif à)*, 2016 QCCS 444, pars. 48 and 50, confirmed in 2017 QCCA 268.

<sup>16</sup> *Parc industriel Laprade inc. c. Conporec inc.*, 2008 QCCA 2222, par. 32.

500-11-058763-208

PAGE: 8

necessary to consider the consequences of Dynamite's failure to act with greater diligence.

[35] The BC Tax Authority argues that it is harmed by the proposed amendment because it will not receive the sales taxes to which it is entitled but will instead have to claim them as an unsecured creditor. In its view, a court order rendered in the context of insolvency proceedings should not be modified to the detriment of a good faith creditor.

[36] The Court is sympathetic to the position of the BC Tax Authority. It too has acted in good faith and, based on the Initial Order and the ARIO, had every reason to expect that it would be paid Straddle Period Sales Taxes. However, retroactively modifying the Initial Order puts the BC Tax Authority in precisely the same position it would have been in had the proposed wording of the Sales Tax Provision been included from the outset. This is not a situation where a third party relied in good faith on the wording of a court order and will be unable to unwind the harm that it will suffer if the order is retroactively modified.<sup>17</sup> The BC Tax Authority has not taken any decisions or made any commitments on the basis of the current wording. Furthermore, the Sales Tax Provision was not the result of an agreement that is now being reneged on. In short, even though Dynamite could have acted more diligently, the Court does not agree that the proposed amendment prejudices the BC Tax Authority or any other creditor and concludes that the criteria of due diligence has been satisfied.

[37] The Court recognizes that the Straddle Period Sales Taxes owing to the BC Tax Authority are higher than they would have been if not for the Stabilization Act. In a sense, it is true to say that BC has been harmed by its own generosity. By suggesting an alternative cut-off date of August 1, 2020 for Straddle Period Taxes (i.e. roughly five weeks before the Initial Order was issued), the BC Tax Authority seeks to minimize the impact of the proposed amendment. This modification would level the field between BC and the other provinces which either did not extend the period in which sales taxes were to be paid or granted a shorter extension than that which was provided for in the Stabilization Act.

[38] The Court does not agree that the alternative conclusion proposed by the BC Tax Authority would be an appropriate use of its discretion. Firstly, it is important to remember that while the Stabilization Act puts BC at a relative disadvantage, it is not the only province that is owed Straddle Period Sales Taxes. As was indicated earlier, over and the above claim of the BC Tax Authority, there remains \$3.5 million owing to other provinces. Furthermore, as the Monitor noted in his testimony, the Stabilization

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<sup>17</sup> This was the case in *White Birch Paper Holding Company (Arrangement relative à)*, 2012 QCCS 1679, pars. 223 and 236. See also *Aveos Fleet Performance Inc./Aveos Performance aéronautique inc. (Arrangement relatif à)*, 2013 QCCS 5762 (CanLII), par. 91-93; Although the context is different, the analysis of Justice Morawetz in *Target Canada Co. (Re)*, 2016 ONSC 316, is also helpful in appreciating the distinction between an order that has been the subject of negotiation or which has been relied on by creditors and an order, such as the one at issue here, which has not.

500-11-058763-208

PAGE: 9

Act has the same impact vis-à-vis the BC Tax Authority as favourable credit terms might have on a supplier. The claim of a supplier who gave a debtor 60 days in which to pay for goods sold may be higher than its competitor who gave only 30 day terms. The result may be unfortunate but it is inevitable that when an initial CCAA order is rendered, the impact on the creditors will vary depending on the status of their relationship with the debtor. The alternative solution proposed would place the BC Tax Authority on an equal footing with the other provinces but would provide it with an advantage over other unsecured creditors and would allow for partial payment of a pre-filing debt. Neither of these outcomes is warranted under the circumstances.

[39] That said, the Court agrees with the BC Tax Authority that the Application should not be granted with costs. The situation which led to the Application was not of its doing. It should not be condemned to costs for having relied on the terms of a court order even though those terms will now be modified.

**FOR THESE REASONS, THE COURT:**

[40] **GRANTS** the Application to Amend the Amended and Restated Initial Order with respect to the British Columbia Provincial Sales Tax as per the Re-Amended and Restated Initial Order signed this day;

[41] **AUTHORIZES** the following amendment to paragraph 22 (b) of the Initial Order dated September 8, 2020 (as amended and restated on September 18, 2020);

[22] **ORDERS** that the Debtors shall remit, in accordance with legal requirements, or pay:

(b) all goods and services, harmonized sales or other applicable sales taxes (collectively "Sales Taxes" required to be remitted by the Debtors and in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes are accrued or collected after the date of this Order.

[42] **WITHOUT JUDICIAL COSTS.**



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500-11-058763-208

PAGE: 10

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Date of hearing: April 19, 2021