

Table of Contents

<i>Annual Review of Insolvency Law: Editorial Advisory Board ...</i>	iii
<i>Annual Review of Insolvency Law: ARIL Society Inc Board of Directors</i>	v
<i>Acknowledgements</i>	vii
<i>About the Editors</i>	ix
<i>Preface</i>	xi
<i>Summary Table of Contents</i>	xiii

With Leave or Not with Leave, That is the Question—When is an Order “Made Under” the CCAA?	1
I. Introduction.....	1
II. Analysis.....	3
1. Case Law Pre- <i>Essar</i>	3
i. <i>Luscar Ltd v Smoky River Coal Limited</i>	4
ii. <i>Hurricane Hydrocarbons Ltd v Komarnicki</i>	4
iii. <i>Re Hemosol Corp</i>	5
iv. <i>Re Pope & Talbot Ltd</i>	6
v. <i>In the Matter of Ted LeRoy Trucking Ltd</i>	7
vi. <i>Re Redfern Resources Ltd</i>	7
vii. <i>Aurora v Safeguard Real Estate Investment Fund LP</i>	8
viii. <i>Sandhu v MEG Place LP Investment Corporation</i>	9
ix. <i>Monarch Land Limited v CIBC Mortgages Inc</i> ...	10
2. Discussion of <i>Essar</i>	11
i. The dispute in <i>Essar</i>	11
ii. The <i>Essar</i> test.....	13
iii. The <i>Essar</i> indicia.....	14
iv. Comments on <i>Essar</i>	15
3. Post- <i>Essar</i> Applications.....	17
i. <i>Envergent Technologies c Bioénergie AE Côte-Nord Canada inc</i>	17
ii. <i>Urbancorp Inc v 994697 Ontario Inc</i>	20
iii. <i>Mattamy (Downsview) Limited v KSV Restructuring Inc</i>	21
4. How Broad Is Too Broad?.....	22
III. Conclusion.....	26

Appendix: Cases Interpreting Section 13 of the <i>CCAA</i>	28
Tracing Hidden Treasures, From van Gogh to Crypto: A Toolkit for Identifying, Preserving and Realizing Assets	
Across Borders	31
I. Introduction.....	31
II. Recent Reasoning of Canadian Courts.....	33
1. Information Orders: Norwich Orders in Canada	34
i. The Norwich Order in <i>Thomas McNamara v Tough and English</i>	35
2. Provisional Freezing of Assets: Mareva Orders in Canada	38
i. The Mareva Order in <i>Thomas McNamara v Tough and English</i>	39
ii. “Sail Away”: Original Traders Energy Ltd.....	41
iii. Summary: Mareva orders in Canada	49
III. Gaps and Uncertainties in Cross-Border Recognition of ATR Orders.....	50
IV. A Toolkit for Cross-Border Recognition of ATR Measures	55
1. Measures to Obtain Information	61
2. Provisional Measures to Temporarily Freeze Assets	64
3. Orders for Recovery and Realization.....	67
V. Conclusion	72
In the Weeds: A Quantitative Summary of Canadian Cannabis Insolvency Filings from Legalization to 2023	73
I. Quantitative Analysis of Timelines	74
1. Summary Overview of Dates Table (Appendix A).....	74
2. <i>CCAA</i> and <i>BIA</i> Proceedings: Comparative Statistics	75
i. <i>CCAA</i> versus <i>BIA</i> : Frequencies	75
a. Regulatory landscape	76
b. The nascency of the cannabis industry.....	78
c. Capitalization structure.....	79
ii. <i>CCAA</i> versus <i>BIA</i> : Proceeding lengths	80
iii. <i>CCAA</i> versus <i>BIA</i> : Sale processes	81
II. Canadian Cannabis Receiverships	83
1. Curative Cannabis	83

i. PPSA considerations	84
2. DionyMed Brands Inc	87
i. Sale of the company’s assets	88
3. Destiny	90
i. Builder lien considerations for Western Canadian cannabis insolvencies	91
4. Cura-Can Health Corp.....	96
i. Cannabis stalking horse considerations.....	97
5. Analysis of Canadian Cannabis Receiverships: Factors to Consider	98
III. Reverse Vesting Orders.....	99
1. History	99
2. Jurisprudence.....	101
i. CCAA.....	101
a. <i>Wayland</i>	101
b. <i>PureGlobal Cannabis Inc</i>	102
c. <i>Re Beleave Inc et al</i>	103
d. <i>Re FIGR Brands, Inc et al</i>	104
ii. BIA	105
a. <i>Re Vert Infrastructure Ltd</i>	105
b. <i>Re Tidal Health Solutions Ltd</i>	106
iii. Takeaways	107
IV. Further Numerical Analysis and Graphs.....	109
V. Conclusion	113
Appendix A: Complete Date and Filing Chart.....	115
Appendix B: Timeline Summary (in Days)	121
Appendix C: Metric Breakdown of Key Timelines (in Days).....	126
Reconsidering Real Estate: Applying the CCAA in Light of <i>Port Capital</i>	127
I. Introduction.....	127
II. Past Commentary	130
III. Port Capital.....	132
IV. Post- <i>Port Capital</i>	136
V. Circumstances to Consider.....	139
1. Is There Equity in the Properties?	140
2. Is a Priming DIP Proposed?	144
3. Are the Professional Fees and Expenses Greater in a CCAA Context?	148

4. Is There is a Reasonable Timeline Proposed to Pay Out Secured Creditors in the <i>CCAA</i> ?.....	149
5. Would a Coordinated Sales Process in the <i>CCAA</i> Provide the Greatest Benefit to Stakeholders?.....	152
6. Can a Flexible, Hybrid Approach be Taken?	154
7. Are There Other Stakeholders Besides the Secured Lenders?	156
8. Can the <i>CCAA</i> Offer Other Procedural Benefits?.....	158
VI. Conclusion	159
Signed, Sealed, Delivered: An Analysis of Sealing Orders in Insolvency Proceedings.....	161
I. Introduction.....	161
II. Jurisprudence on Sealing Orders	162
1. History of and Rationale for Sealing Orders	162
2. <i>Sierra Club v Canada (Minister of Finance)</i>	164
i. The introduction of protection for commercial interests	164
ii. Commercial interests protected by the courts	166
3. <i>Sherman Estate</i> and the Restatement of the Test	167
III. Sealing Orders in Insolvency Cases	170
1. Historical Perspective	170
2. Approach to Sealing Orders Across Canada	173
i. Information relating to the sales process	173
ii. Key employee retention programs	175
iii. Engagement of financial advisors and chief restructuring officers.....	176
iv. Settlement agreements	177
v. Information that could affect restructuring	179
3. Sealing Orders Are Not Routine	180
4. The “One Size Fits All” or Flexible Approach to Sealing Orders.....	182
i. <i>Big Bear Energy Rentals Ltd et al</i>	182
ii. <i>Cirque du Soleil Canada Inc</i>	186
IV. Best Practices for Practitioners.....	188
V. Conclusion	191
<i>Peace River Hydro Partners c Petrowest Corp : Ouverture des vannes pour les clauses d’élection de for, ou un retour sinueux vers la source de la doctrine du contrôle unique?</i>	193

I. Introduction.....	193
II. Les clauses d'élection de for et les clauses d'arbitrage	196
III. La clause d'élection de for en matière de faillite : état des lieux	202
IV. L'arrêt <i>Peace River</i>	205
1. L'arbitrage dans le cadre de la faillite.....	205
2. L'arbitrage et le modèle du « contrôle unique »	210
3. Quid des clauses d'élection de for?	211
4. Une occasion manquée d'articuler un principe reproductible et prévisible	217
V. Conclusion : un cadre d'analyse pour les clauses d'élection de for en matière de faillite.....	223
<i>Peace River Hydro Partners v Petrowest Corp: Opening the Floodgates for Forum Selection Clauses, or a Meandering Return to the Headwaters of the “Single-Control Doctrine”?</i>	227
I. Introduction.....	227
II. Legal Treatment of Forum Selection Clauses and Arbitration Clauses	230
III. Forum Selection Clauses in Insolvency Matters: The Current Situation.....	237
IV. The <i>Peace River</i> Decision	239
1. Arbitration in the Context of Insolvency Proceedings	239
2. Arbitration and the Single-Control Doctrine	245
3. <i>Peace River</i> 's Potential Impact on Forum Selection Clauses	246
4. Two Defendable Principled Approaches Not Taken by the SCC	253
V. Conclusion: An Analytical Framework for Forum Selection Clauses in Insolvency Matters	258
Addendum	262
Attachment Disorder: The <i>Quallex</i> Decision and the Outer Limits of <i>Redwater</i>	267
I. Introduction.....	267
II. The <i>Quallex</i> Decision.....	270
1. The Facts and Introduction.....	270
i. The parties	270
ii. The lands.....	271
iii. The action and the application	272

2. The Decision	273
i. The issues	273
ii. Uncertainty regarding the state of environmental law	274
iii. Priority analysis with respect to insolvency and the nature of QLT’s claims	276
iv. The private versus public distinction.....	277
v. Claims provable in bankruptcy	279
vi. Outcome.....	281
3. Unaddressed Priority Matters.....	281
III. Analysis.....	284
1. Evolution or Revolution?.....	284
2. Drawbacks of the <i>Quallex</i> Approach.....	288
i. Introduction.....	288
ii. The distinction between public and private claimants	288
iii. The issue of provincial priority schemes	291
iv. Policy concerns	293
3. Other Considerations	295
i. The single-proceeding model and the benefits of a formal insolvency proceeding.....	295
ii. Unclear limits on the scope of environmental claims	296
iii. The potential for preferential treatment of unsecured claims.....	297
4. The Need for Certainty.....	298
IV. Conclusion	298
Clearing the Way: Suspending Restrictive Sale Provisions in Restructuring Proceedings.....	299
I. Introduction.....	299
II. Legal Basis for Suspending Restrictive Sale Provisions.....	301
III. Suspending Restrictive Sale Provisions in <i>Groupe Sélection</i>	309
1. Overview of Groupe Sélection and its <i>CCAA</i> proceedings	309
2. The SISP and the Suspension of the Restrictive Sale Provisions.....	312
IV. Conclusion	316

Should I CCAA Stay or Should I BIA Go: A Review and Analysis of Judicial Treatment of Competing CCAA and BIA Applications	319
I. Introduction.....	319
II. Background.....	320
1. <i>Affinity Credit v Vortex Drilling</i>	325
2. <i>Re Pacific Shores Resort & Spa Ltd</i>	329
III. Factors Used in Assessing Competing Applications	334
1. Relationship between Debtor and Creditors	334
2. Value Maximization and Cost Minimization	338
3. Availability of New Financing	343
4. Effects on Stakeholders	346
5. Behaviour of the Parties	350
6. Need for CCAA’s Greater Discretionary Relief	352
7. Summary	355
IV. Competing Applications at the Different Stages of Proceedings	356
1. Initial Application	357
2. After a CCAA Stay Has Been Ordered	358
3. After a Receivership Has Been Approved.....	358
V. Conclusion	359
Addendum	362
Appendix: Contested Application Cases Reviewed.....	364
Saddle Up: The Rise of Stalking Horse Credit Bids in Canadian Insolvency Proceedings	369
I. Introduction.....	369
II. The Stalking Horse Sales Processes.....	370
III. Credit Bids in Insolvency Proceedings	379
IV. Case Law Review: Methodology and Summary of Findings	385
1. Methodology	385
2. Summary of Findings	386
V. Stalking Horse Credit Bids: is it a Horse we Should Continue to Ride?	390
VI. Conclusion	391
Appendix A: Sample Case Summaries	393

Do Not Disturb the First Mortgagee: A Framework for CCAA Filings of Canadian Real Estate–Focused Corporations 399

 I. Background..... 399

 II. Fewer Real Estate Debtors File Under the CCAA 401

 1. Attributes of Real Property 402

 2. Mortgage Enforcement Procedures 403

 3. Legal Entity Structure 403

 III. Strategies Used by Real Estate Businesses to Solicit Support From Secured Lenders 405

 1. Bringing the First Mortgagee “into the Tent” 406

 i. Alternative approach: Consultation prior to comeback hearing 408

 2. Court-ordered CCAA Charges Subordinate to First Mortgagees 409

 3. Do Not “Rob Peter to Pay Paul” 410

 4. First Mortgagee Unaffected by CCAA Filing..... 412

 5. First Mortgagee Consultation..... 412

 IV. CCAA Value Proposition: Real Estate 413

 V. Conclusion 415

 Appendix: CCAA Charges Subordinate to Existing Real Property Security Interests Under an Initial Order or ARIO Granted After 1 January 2018..... 416

Part XIII of the Bankruptcy and Insolvency Act: The Less Recognized Recognition Statute 417

 I. Introduction..... 417

 II. The History of Part XIII of the BIA: Cross-border Insolvencies 418

 III. The BIA Versus the CCAA: A Comparative Analysis.... 420

 1. The Similarities 421

 2. The Differences 421

 i. Trustees under the BIA 424

 ii. Information officers under the CCAA 425

 IV. Trends in Reported Part XIII Decisions 428

 V. Commentary 431

Pushing the Boundaries of Redwater: How Qualex Expands the “Protective Umbrella” for Environmental Reclamation Obligations 433

 I. Introduction..... 433

II. Overview of the Insolvency Process and Environmental Contamination.....	437
1. The Insolvency Process.....	437
2. Environmental Obligations	438
III. The <i>Redwater</i> Decision	443
1. Background.....	443
2. The <i>Abitibi</i> Test in <i>Redwater</i>	445
IV. Post- <i>Redwater</i> Decisions	446
1. <i>Manitok</i>	447
2. Trident	450
3. <i>Perpetual 2021</i> and <i>Perpetual 2022</i>	452
V. The <i>Qualex</i> Decision.....	454
1. Background.....	454
2. Lower Court Decision	456
3. Court of King’s Bench Decision.....	456
4. Application of Legal Test	457
i. Part I: Reasonable likelihood	457
5. Part II: Reasonable Grounds	459
i. Ordinary business expenses	459
ii. Hindering the ability to enforce future judgment	460
VI. Issues Arising From <i>Qualex</i> , and a Path Forward.....	460
1. Policy Shaping the <i>Redwater</i> Decision	460
2. Uncertainty in Application of the <i>Abitibi</i> Test.....	462
3. Post- <i>Redwater</i> Legal Interpretation.....	463
4. Issues Arising from <i>Qualex</i>	466
i. The single-proceeding model.....	467
ii. Enforcement by a private citizen	469
iii. Application of <i>Redwater</i> outside of formal insolvency proceedings	472
iv. Legislative versus judicial roles	475
VII. Conclusion	476
Mission Creep? Expanding the Scope of Court Officer Liability for Employee Income Tax Withholdings	479
I. Introduction.....	479
II. Obligation to Make Income Tax Withholdings.....	481
1. Position of the Tax Authorities	481
2. Application in Recent Matters	483
III. Practical Implications for Court Officers.....	487

1. Determining <i>What</i> and <i>How</i> to Withhold.....	487
2. Absence of Clear Guidance	488
3. Additional Uncertainties	493
IV. Assessing the CRA Interpretation	495
1. Has the Issue Really Been Decided?.....	495
2. Can the <i>Pascal</i> Reasoning Apply to <i>CCA</i> filings?	498
V. Conclusion	503
2009 Revisited	505
I. Some Background to 2009.....	506
II. The 2009 Amendments Generally	511
1. Interim Financing	513
2. Asset Sales.....	517
3. Governance.....	527
4. Proceeding Costs.....	530
5. Preferences and Transfers at Undervalue	532
6. International Insolvencies	535
7. Regulatory Interface.....	537
III. Conclusion	539
Appendix: Possible Questions for Review	540
Mission Insolvency: Searching for Consistency When Scrutinizing Transactions	543
I. Introduction.....	543
II. Insolvency	545
1. Definition of Insolvency Under the <i>BIA</i>	545
2. Expanded Test of Insolvency Under <i>Stelco</i>	546
III. Insolvency in Reviewable Transaction Legislation.....	547
1. Sections 95 and 96 of the <i>BIA</i>	548
2. <i>Assignment and Preferences Act</i>	549
3. <i>Fraudulent Conveyances Act</i>	549
4. Badges of Fraud.....	551
IV. Proving Insolvency When Challenging Conveyances.....	553
1. <i>Royal Bank of Canada v Abdul Fatah Ebadi</i>	553
i. Facts.....	553
ii. Reasons.....	555
iii. Practical implications	556
2. <i>Krates v Crate</i>	557
i. Facts.....	557
ii. The assessment of insolvency	560

iii. Stepping back to the eve of insolvency	562
V. Camerlengo and the Implications for Future Conveyances	563
1. <i>Camerlengo</i>	563
2. Implications and the Future of the Insolvency Analysis.....	565
i. Lenders/creditors.....	566
ii. Trustees.....	567
iii. Debtors	568
VI. Conclusion	569
An Examination of COVID-19 Government Benefits and Loans in Consumer Insolvency Proceedings.....	571
I. Introduction.....	571
II. Background to Section 172.1.....	572
III. Employment Insurance	579
IV. Government Student Loans	581
V. Improper Use of CEBA and CERB Funds.....	584
VI. Conclusion	585
The Rise and Demise of Federal Consumer Credit Legislation in Canada: The First 100 Years	587
I. Introduction.....	587
II. Regulating Consumer Credit in Canada: The First 100 Years	593
1. Usury and Interest Rates	593
2. Pawnbrokers	606
3. Money Lenders	611
4. Consumer Loan Companies.....	618
5. Small Loans	630
6. Banks.....	645
III. Conclusion	662
1. Lessons Learned	662
2. Reforms for the Future.....	667
i. A federal consumer credit regulatory framework.....	668
ii. Clear and comprehensive definitions of interest and lenders	669
iii. Licensing and enforcement powers	671

xxvi / *Table of Contents*

Table of Cases	675
Subject Index	691