



SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ENDORSEMENT

COURT FILE NO.: CV-23-00710413-00CL DATE: November 01, 2024

NO. ON LIST: 2

TITLE OF PROCEEDING: **MBL ADMINISTRATIVE AGENT II LLC v. TRADE X GROUP OF COMPANIES INC. et al**

BEFORE: **Justice STEELE**

PARTICIPANT INFORMATION

For Other:

Name of Person Appearing	Name of Party	Contact Info
Brittni Tee	Lawyers for the Court Appointed Receiver, FTI Consulting Canada Inc.	btee@goodmans.ca
Mark Dunn		mdunn@goodmans.ca
Catherine Francis	Lawyer for Non-party Brent Sawadsky	cfrancis@foglers.com

ENDORSEMENT OF JUSTICE STEELE:

[1] The Receiver seeks the following orders:

- a. An interim distribution order authorizing the Receiver to make an interim distribution of proceeds in the amount of \$1.5 million; and
- b. An additional examinations order granting the Receiver the right to examine under oath certain of the debtors' current or former officers, directors, employees, or independent contractors.

[2] No party opposes the relief sought.

Should the court authorize the interim distribution?

[3] I am satisfied that the interim distribution should be authorized.

[4] The court frequently authorizes interim distributions in ongoing receivership proceedings: *Kingsett Mortgage Corporation v. 30 Roe Investments Corp.*, 2023 ONSC 3323, at para. 86.

[5] The Receiver sets out the reasons why it is appropriate to grant the interim distribution order at para. 23 of its factum, which reasons include: (i) Following the distribution by the Receiver to the Lenders, the outstanding indebtedness owing by the debtors to the Lenders will still be over \$16.5 million, (ii) The Receiver’s legal counsel issued a security opinion confirming that the Lenders have a valid, registered security interest in the debtors’ collateral and the Receiver is not aware of any prior ranking claims, (iii) All third parties with PPSA registrations against the debtors were given notice of the motion; and (iv) The Receiver is retaining approx. \$1.5 million in the debtors’ estate to fund the Receiver’s ongoing work regarding the potential claims and the administration of these proceedings.

[6] The proposed order sought is similar to other orders granted by this Court in other insolvency proceedings.

Should the court grant the Receiver the right to conduct the additional examinations?

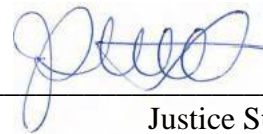
[7] I am satisfied that it is appropriate to make the additional examinations order.

[8] The Receiver states in its factum that the debtors’ books and records “are complicated, difficult to interpret, unreliable and at times inconsistent and/or missing transactions or other relevant information.” Further, the Receiver’s attempts to engage with certain of the debtors’ directors, officers and employees have been resisted.

[9] Justice Cavanagh already granted an investigative powers order in April 2024. The Receiver now seeks to expand the list of persons that may be examined. I agree with the Receiver’s submission that the relief sought today is a logical extension of the powers that the Receiver already has pursuant to the Receivership Order and is consistent with the Investigative Powers Order previously granted.

[10] The Receiver served the motion record on all the additional persons it seeks to examine. Certain persons have already responded to the Receiver and indicated that they do not object to the motion. Three of the persons served have not responded at all.

[11] Orders attached.



Justice Steele

Date: November 01, 2024

