



SUPERIOR COURT OF JUSTICE

ENDORSEMENT

COURT FILE NO.: CV-24-00712366-00CL

DATE: January 5, 2024

NO. ON LIST: 3

TITLE OF PROCEEDING: **HUMBLE & FUME INC. et al**

BEFORE: **JUSTICE CAVANAGH**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

| Name of Person Appearing | Name of Party | Contact Info |
|--------------------------|---------------------------|-------------------------------|
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For Defendant, Respondent, Responding Party:

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|--------------------------|---------------|--------------|
| | | |
| | | |

For Other, Self-Represented:

| Name of Person Appearing | Name of Party | Contact Info |
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| Todd Ambatscheer | Proposed Monitor | tambachtsheer@deloitte.ca |
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ENDORSEMENT

- [1] Humble & Fume Inc. (“Humble Parent”), Humble & Fume Inc. (Manitoba) (“Humble Manitoba”), B.O.B. Headquarters Inc. (“BOBHQ”), Humble Cannabis Solutions Inc. (“HCS”), Fume Labs Inc. (“Fume Labs”), PWF Holdco Inc. (“PWF”), and Windship Trading LLC (“Windship”, and, collectively, the “Applicants”) seek this Court’s protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (“*CCAA*”).
- [2] The Applicants bring this application under the *CCAA* for an order (“**Initial Order**”), among other things:
- i. declaring that the Applicants are companies to which the *CCAA* applies;
 - ii. providing a stay of proceedings for an initial period of not more than ten days to allow the Company to stabilize its business operations and develop a sale and investment solicitation process for its business and property (“**Sale Process**”);
 - iii. appointing Deloitte Restructuring Inc. (“**Deloitte**”) as monitor of the Company in these proceedings (“**Monitor**”);
 - iv. granting an Administration Charge (as defined below) over the Company’s assets;
- [3] The Applicants distribute cannabis and cannabis accessories in Canada and the United States. The Applicants are insolvent, face a severe liquidity crisis, and are in urgent need of relief under the *CCAA*. Given its liquidity crisis, the Applicants require the breathing room afforded by the *CCAA* in order to stabilize their operations and prepare a sales and investment solicitation process.
- [4] The facts underlying this application are more fully set out in the Affidavit of Jakob Ripshtein sworn January 4, 2024. These facts are summarized in the Applicants’ factum at paragraphs 5-28.
- [5] I am satisfied that the Applicants are “debtor companies” within the meaning of the *CCAA*. In this respect, I accept the submissions made on behalf of the Applicants at paragraphs 30-36 of the Applicants’ factum.
- [6] Pursuant to section 11.02 of the *CCAA*, a court may grant a stay of proceedings upon an initial application under the *CCAA* for a period of no more than ten days, provided that the court is satisfied that circumstances exist that make the order appropriate.
- [7] A stay of proceedings is appropriate where it provides a debtor with breathing room while the debtor seeks to restore solvency and emerge from the *CCAA* on a going concern basis.
- [8] I am satisfied that given the Applicants’ current financial condition, a stay of proceedings at this time is in the best interest of the Company and its stakeholders and is necessary and appropriate. The relief sought on this application is limited to that which is reasonably necessary in the circumstances to maintain the *status quo* and give the Applicants the breathing room necessary to stabilize their operations and develop a sale process for the benefit of their stakeholders.

- [9] Deloitte Restructuring Inc. (“Deloitte”) is a trustee within the meaning of subsection 2(1) of the BIA and is not disqualified under any of the restrictions pursuant to section 11.7(2) of the *CCAA*. Deloitte has consented to its appointment as Monitor.
- [10] I am satisfied that Deloitte should be appointed as Monitor of the Applicants during these *CCAA* proceedings.
- [11] The Applicants seek a first-ranking court-ordered charge over the Applicants’ assets in the amount of \$150,000 in favour of the Monitor, counsel to the Monitor, and counsel to the Applicants to secure payment of their professional fees and disbursements, whether incurred before or after the date of the Initial Order.
- [12] The nature of the Applicants’ business requires the expertise, knowledge and continuing participation of the beneficiaries of the administration charge. These persons will play a critical role in assisting the Applicants with the development and implementation of an orderly liquidation of their assets and the efficient progression of the *CCAA* proceedings. Each proposed beneficiary of the administration charge is performing a distinct function and there is no duplication of roles. The quantum of the proposed administration charge is in line with the nature and size of the Applicants’ business and the involvement required by the professional advisors.
- [13] I am satisfied that the requested priority administration charge is appropriate and should be granted.
- [14] The Applicants seek the Court’s authority to continue to use its existing Cash Management System. I am satisfied that, given the scale and nature of the Applicants’ operations and the volume of transactions that are processed daily within the Cash Management System, the continued use of the existing Cash Management System is appropriate during the *CCAA* proceedings. The Cash Management System will be monitored by the Monitor throughout the *CCAA* proceedings.
- [15] The Applicants seek authorization to dispense with certain securities filing requirements. In particular, the Applicants seek authorization for Humble Parent to incur no further expenses in relation to any filings (including financial statements), disclosures, core or non-core documents and press releases that may be required by any federal, provincial or other law respecting securities or capital markets in Canada, or by the rules and regulations of a stock exchange. The Applicants also seek a declaration that none of the directors, officers, employees, and other representatives of the Applicants, and the Monitor, (and its directors, officers, employees, and representatives) shall have any personal liability for any failure by Humble Parent to make securities filings.
- [16] Incurring the time and costs associated with preparing the securities filings will divert the Applicants’ limited resources. Detailed financial and other information about the Applicants will be publicly available on the Monitor’s website. I am satisfied that the requested relief in this regard is appropriate.
- [17] Order to issue in form of Order signed by me today.
- [18] A comeback hearing is scheduled for January 12, 2024 at 9:30 AM before me by Zoom.

Justice Cavanagh