

2025 01G 0491
IN THE SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the *Companies Creditors Arrangement Act* R.S.C., 1985 c. C- 36 as Amended (the “**CCAA**”)

AND IN THE MATTER OF an application of Karwood Contracting Ltd., Karwood Engineering Ltd., Karwood Design Group Ltd., and Karwood Ontario Ltd. (the “**Applicants**”)

NOTICE OF MOTION

SUMMARY OF CURRENT DOCUMENT	
Court File Number:	2025 01G 0491
Date of Filing of Document:	27 June 2025
Name of Filing Party or Person:	Applicants, Karwood Contracting Ltd., Karwood Engineering Ltd., Karwood Design Group Ltd., and Karwood Ontario Ltd.
Application to which Documents Being Filed Relates:	Notice of Motion filed by Applicants
Statement of Purpose of Filing:	Seeking an extension of stay of proceedings, distribution of certain proceeds from the sale of four properties, and procedural direction with respect to certain claims that the Applicants wish to enforce against third parties
Court Sub-File Number, if any:	N/A

The Applicants make a motion before the Honourable Justice MacDonald of the Newfoundland and Labrador Supreme Court (sitting in Bankruptcy and Insolvency) to be heard on 30 June 2025, or as soon after that time as the motion may be heard.

THIS MOTION IS FOR:

1. An order in the form attached as **Schedule “B”** to this Notice of Motion that, among other things:

- a. abridges the notice periods pursuant to s. 11 of the CCAA and Rules 3.03(1), 6.04(2), and 6.06 of the *Rules of the Supreme Court, 1986*, SNL 1986, c. 42, Schedule D, as amended (the "**Rules**");
- b. directs that service on the Service List attached as **Schedule "A"** to this Notice of Motion is sufficient for the purpose of this Motion pursuant to s. 11 of the CCAA;
- c. extends the stay of proceedings currently in place for an additional three months until 01 October 2025 (the "**Stay Period**");
- d. confirms the distribution of certain sale proceeds (the "**Proceeds**") in the hands of the Monitor to the parties outlined in the Proposed Order.

2. Capitalized terms used but not defined in this Notice of Motion shall have the meanings given to them in the Amended and Restated Initial Order ("**ARIO**").

THE FOLLOWING EVIDENCE will be relied upon at the hearing of this Motion:

- a. Gregory Hussey Affidavit, to be filed;
- b. Monitors Reports, including the Fourth Report of the Monitor, to be filed;
- c. such further and other evidence as counsel may advise.

GROUND FOR MAKING THIS MOTION:

3. The Applicants were granted protection from their creditors under the ***Companies' Creditors Arrangement Act***, RSC 1985, c C-36 as amended (the "**CCAA**") pursuant to the Initial Order of this Court granted on 03 February 2025 (the "**Initial Order**") and the Amended and Restated Initial Order (the "**ARIO**") granted on 20 February 2025.
4. The Applicants have acted in good faith and with due diligence throughout this CCAA Proceeding and have actively cooperated in advancing sales and other matters that will enable this process to conclude successfully, to the benefit of all stakeholders. This is confirmed in the Monitor's Fourth Report.
5. The Monitor supports the granting of the requested stay extension and the distribution of the proceeds.

6. The Monitor further supports the Applicants' request for procedural direction regarding a method by which the Applicants may pursue third party claims with respect to the collection of outstanding receivables to recover those funds for use in this CCAA proceeding and otherwise for the benefit of the Applicants' creditors.

FURTHER GROUNDS

7. In addition to the other grounds discussed herein, the Applicants rely on:
- a. the provisions of the CCAA;
 - b. the provisions of the *Rules of the Supreme Court, 1986*;
 - c. the inherent and equitable jurisdiction of this Honourable Court;
 - d. such further and other grounds as counsel may advise.

DATED at St. John's, in the Province of Newfoundland and Labrador, this 27th day of June 2025.

O'KEEFE & SULLIVAN



Darren D. O'Keefe
Solicitor for the Applicants
Suite 202, 80 Elizabeth Ave.
St. John's, NL, A1A 1W7
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To: The Honourable Supreme Court
233 Duckworth Street,
St. John's, NL, A1C 1B6

And to:

The Service List attached hereto as **Schedule "A"**

**KARWOOD CONTRACTING LTD. AND KARWOOD ENGINEERING INC. AND KARWOOD
ONTARIO LTD. AND KARWOOD DESIGN GROUP LTD.**

**SCHEDULE "A"
MASTER SERVICE
LIST**

<p>O'KEEFE & SULLIVAN LAWYERS 80 Elizabeth Ave Suite 202 St. John's, N.L., A1A 1W7</p> <p>Darren O'Keefe dokeefe@okeefesullivan.com Tel: 709.700.0911</p> <p>Joshua L. Hancott jhancott@okeefesullivan.com</p> <p>80 Elizabeth Ave Suite 202 St. John's, N.L., A1A 1W7</p> <p>Counsel for the Applicants</p>	<p>BOYNE CLARKE LAWYERS 99 Wyse Road, Suite 600 P.O. Box 876, Dartmouth Main Dartmouth, NS B2Y 3Z5 JSantimaw@boyneclarke.ca Joshua J. Santimaw</p> <p>Counsel for the Monitor</p> <p>BDO Canada Limited 300 Kenmount Rd #200, St. John's, NL A1B 3R2</p> <p>Email: nejones@bdo.ca</p>
<p>ROYAL BANK OF CANADA 1871 Hollis Street, 7th Floor Halifax, NS B3J 1M7</p> <p>David Savoie 902-421-4905 David.Savoie@rbc.com</p>	<p>AXIOM LEASING INC. 4 Robert Speck Pkwy 15th Floor, Mississauga, ON L4Z 1S1</p>
<p>MOSKOWITZ CAPITAL MORTGAGE FUND II INC.</p> <p>Stewart McKelvey Suite 1100, Cabot Place 100 New Gower St. St. John's, N.L. A1C 6K3 Tel 709.570.8851 Fax 709.722.4565</p> <p>Stephen Winter swinter@stewartmckelvey.com</p> <p>Joe Thorne joethorne@stewartmckelvey.com</p>	<p>BANK OF MONTREAL 31 Water Street St. John's NL A1C 1A9 Canada Raffael Di Genova Raffael.digenova@bmo.com</p> <p>Cox & Palmer Scotia Centre, 235 Water St suite 1100, St. John's, NL A1C 1B6</p> <p>Josh McElman jmcelman@coxandpalmer.com</p>

	<p>Allison Philpott aphilpott@coxandpalmer.com</p> <p>Counsel for the Bank of Montreal</p>
<p>ROYAL BANK OF CANADA 7101 Pare Avenue, 5th Floor Montreal QC H3N 1X9 Canada</p>	<p>CANADA REVENUE AGENCY Shawinigan – Sud National Verification Collections Centre 4695 Shawinigan- Sud Boulevard Shawinigan QC G9P 5H9</p> <p>Atlantic Canada AGC-PGC.Atlantic-Tax-Fiscal@justice.gc.ca</p>
<p>DEPARTMENT OF FINANCE Dept of Digital Government and Service NL 2nd Floor, West Block, P.O. Box 8700 St. John's, NL A1B 4J6 Tel 709-729-2981 Fax 709-729-2091</p> <p>collections@gov.nl.ca</p>	<p>Boreal Atlantic Ltd. 239 Main Street Milltown NL Canada A0H 1W0</p> <p>Browne Fitzgerald Morgan & Avis Terrace on the Square, Level 2 P.O. Box 23135 St. John's, NL A1B 4J9</p> <p>Stephen Fitzgerald KC sfitzgerald@bfma-law.com</p>
<p>WORKPLACE NL PO Box 9000 St. John's, NL A1A 3B8</p> <p>Jennifer Langdon jennifer.langdon@workplacnl.ca</p>	<p>STEELCASE FINANCIAL SERVICES LTD. 200 King Street west Suite 2400 Toronto ON M5H 3T4</p>

FORD CREDIT CANADA LEASING, DIVISION OF CANADIAN ROAD LEASING COMPANY PO Box 2400 Edmonton AB T5J 5C7 Canada ON L4S 0C8	LIBRO CREDIT UNION LTD. 217 York Street London, Ontario N6A 5P9
BMW CANADA INC. 50 Ultimate Drive, Richmond Hill ,ON L4S 0C8	RANDY ORAM TAMMY ORAM 14 Old Topsail Hill CBS, NL, A1W 5W6 Canada
DEPARTMENT OF JUSTICE CANADA CRA Suite 1400, Duke Tower 5251 Duke Street Halifax NS B3J 1P3 Tel: 782-409-0068 Deanna Frappier, K.C. Deanna.Frappier@justice.gc.ca Caitlin Ward caitlin.ward@justice.gc.ca	Kent Building Supplies c/o Learmonth, Boulos & Fitzgerald 804-140 Water St. PO Box 700, Stn. C St. John's, Newfoundland and Labrador A1C 5L4 R. Barry Learmonth Email: barry@lbflegal.com
Quick Shot Contracting Inc. Peddigrew Wade Law 94 Elizabeth Avenue, Suite 4, 2nd Floor St. John's, NL A1B 1R8 Isabella@pw-law.ca cpeddigrew@pw-law.ca	

Email List

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SCHEDULE B

**2025 01G 0491
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IN THE MATTER OF the *Companies Creditors Arrangement Act* R.S.C., 1985 c. C-36 as Amended (the "**CCAA**")

AND IN THE MATTER OF an application of Karwood Contracting Ltd., Karwood Engineering Ltd., Karwood Design Group Ltd., and Karwood Ontario Ltd. (the "**Applicants**")

ORDER

Before the Honourable Justice Alexander MacDonald on ____ June 2025:

UPON APPLICATION, made by Karwood Contracting Ltd., Karwood Engineering Ltd., Karwood Design Group Ltd., and Karwood Ontario Ltd., pursuant to the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") for an order extending the Stay Period (as defined in the Initial Order) granted on 03 February 2025 (the "**Initial Order**") and the Amended and Restated Initial Order (the "**ARIO**") granted on 20 February 2025

UPON APPLICATION for an order granting the distribution of certain sale proceeds (the "**Proceeds**") arising from the sale of certain of the Applicant's assets, as more particularly described in the Monitor's fifth report dated 05 June 2025 (the "**Fifth Report**").

ON READING the affidavit of Gregory Hussey, and the Fifth and the Fourth Report of BDO Limited in its capacity as monitor of the Applicants (the "**Monitor**");

AND UPON HEARING the submissions of counsel for the Applicants, the Monitor, the Bank of Montreal, Moskowitz Capital Fund I I LLC, Royal Bank of Canada and such other counsel that were present, no one else appearing for any party although duly served:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the materials filed is hereby deemed adequate notice so that this Motion is properly returnable today and hereby dispenses with further service thereof.

STAY OF PROCEEDINGS

2. **THIS COURT ORDERS** that the stay of proceedings, as defined in the Initial Order of the Honourable Justice Alexander MacDonald dated 03 February 2025, as amended and restated in the ARIO dated 20 February 2025 is hereby further extended up to and including 01 October 2025.

DISTRIBUTION

3. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to distribute the Proceeds currently held by the Monitor in accordance with the attached **Schedule "A"** together with interest and costs in accordance with the underlying loan documents related to the debt up until the date that the applicable Proceeds are distributed.
4. **THIS COURT ORDERS** that the Monitor is hereby authorized and directed to hold back a sum equivalent to 10% of the Proceeds, representing mechanics' lien holdback, and to distribute the said 10% in accordance with the *Mechanics' Lien Act*, RSNL1990 Chapter M-3, as amended.
5. Notwithstanding:
 - a. the pendency of these proceedings;
 - b. any applications for a bankruptcy order issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* (the "**BIA**"), in respect of the Applicants and any bankruptcy order issued pursuant to such applications; and
 - c. any assignment in bankruptcy made in respect of the Applicants;

the payments authorized and directed by section 3 of this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

GENERAL

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

ISSUED at St. John's, Newfoundland and Labrador this ____ day of ____ 2025.
