Counsel: See my endorsement below.

Endorsement of Gilmore, J.

The Applicant seeks appointment of an interim receiver on this *ex-parte* motion pursuant to s.47(1) of the *Bankruptcy and Insolvency Act ("BIA").* The Receivership Order is intended to cover the assets of the Respondents Trigger Wholesale Inc. ("Trigger") and The En Cadre Group ("En Cadre").

Clearflow provides financing to medium-sized businesses typically through factoring of accounts receivable. The total credit facility owed by Trigger to Clearflow as of October 6, 2020 was $48,625,279.75. Trigger is in the business of importing and distributing firearms and ammunition in Canada. Its customers include the military, Home Hardware and Canadian Tire.

The Respondents Jamiee and Mark Gdak are directors of Trigger and both are actively involved in the business.

The fraud perpetrated on Clearflow as outlined in the affidavits in support of this Application is significant and includes allegations of hundreds of falsified invoices as evidence of accounts receivable that did not exist, falsified purchase orders, a forged transfer of real property owned by Mark Gdak on behalf of En Cadre, fake email addresses of executives at Canadian and Home Hardware, verbal and email impersonations of executives employed by Canadian Tire and Home Hardware, and forged cheques made to look like payments by Canadian Tire and Home Hardware to Trigger for the alleged purchase of firearms.

Clearflow is necessarily concerned that it has advanced tens of millions of dollars to Trigger based on misrepresentations and falsified documentation. It is also concerned with a massive increase in 90 day accounts receivable and Trigger's resistance to providing agreed upon financial information upon request.

I am satisfied pursuant to the principles set out in *2092280 Ontario Inc v. Voralto Group Inc.,* 2018 ONSC 2305 (CanLII) that where a strong *prima facie* case of fraud has been made out, "the law's reluctance to allow prejudgment execution must yield to the more important goal of ensuring that the civil justice system provides a just and enforceable remedy against such serious conduct." (para 28). There is substantial evidence of a significant fraud in this case that goes beyond simple manipulation but includes fake emails, documents and pre-meditated actions on the part of the Respondents to induce further advances from the Applicant.

In terms of irreparable harm I find that there is an extreme risk of the destruction of documents if the Respondents are given notice of this proceeding which may impede their ability to collect on real invoices.

With respect to the balance of convenience, the interim receivership is only for a period of 30 days and a comeback date will be set for October 23, 2020. There is also provision for Jamiee and Mark Gdak to access funds for personal use.

I am also satisfied that the appointment of an interim receiver is necessary to protect the debtor's estate, enforce rights between the parties, and protect assets in the face of a serious apprehension about the safety of the assets.

Given all of the above, I make the following Orders:

1. The Order attached hereto is immediately in effect.
2. The Applicant to forthwith serve all material on the Respondents.
3. **The matter to return for a comeback hearing before any judge on October 23, 2020 at 9:30 a.m. or such other time on that date that the Trial Coordinator may set.**

C. Gilmore, J.

October 13, 2020