

Applicant

Respondents

June 15/20

Court File No. 35-22201721

By teleconference:
 S. Mitra and S. Nemers for the Receiver
 S. Cherniak and D. Fries from BDO Canada Limited
 R. Parker for R.B.C.
 S. Steegers - in person
 who are also participating

ONTARIO
 SUPERIOR COURT OF JUSTICE
 IN BANKRUPTCY and INSOLVENCY
 Proceedings commenced at London

MOTION RECORD
 (Returnable June 15, 2020)

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Lawyers for the Receiver

I have reviewed the motion records of the Receiver containing its Debt report dated June 11 2020 and the various documents referenced and appended. I have also reviewed the collective supplement to the Debt report of dated June 11 2020 and the updated copy of the agreement of purchase and sale the receiver recommends be approved and an appendix summarizing the various orders received. RBC, the principal secured creditor, supports the motion.

Mr. Steegers who is affected personally by the insolvency of the debtors, joined in the call. He advised that he did not know of the proposed transaction until last week. Today he provided certain comments and

questions to the receiver and its counsel. Those were reviewed during the attendance.

Some related to issues other than the proposed transaction. For example, Mr. Sleepers was concerned that the receiver had entered into an agreement with Click Inc. that allowed Click to exercise a right of set off in relation to the sum of \$675,896^{U.S.} inclusive of U.S.T. Concessions on account of such items post-receivership are, unfortunately, commonplace but the receiver's report does not set forth a detailed explanation that might satisfy Mr. Sleepers concern. In relation to para. 4.14(a) of the 1st report other items were mentioned too, including to be produced for a program involving Magna closures Inc. (para. 4.17), issues involving CRA specifically relating to U.S.T. and SPED claims (paras. 4.24 and 4.26 respectively), and financial information and e-mails that are no longer accessible.

With respect to the proposed transaction, Mr. Sleepers expressed concern about the breadth of the marketing effort, the fact the proposed purchaser's pre-receivership appraisal was, to his eye, 20% too low, the fact the market is presently improving and that assets are being liquidated on a bloc rather than over time and that it is impossible to formulate a firm opinion when key terms of the proposed transaction have been redacted.

I understand Mr. Sleepers concerns. Understandably, he is anxious that receipts be maximized from all sources. As noted, his personal financial position is affected. Furthermore, his stated experience of more than thirty years demonstrates his commitment to the industry generally and businesses he steered, specifically.

After considering the material filed, I am of the view the requested relief should be granted, subject to the caveats specified in the order signed. To my eye the receiver has fulfilled its duties in relation to the companies in a proper and diligent and able manner and in exceedingly challenging times. Approval and vesting order in the order signed. They are immediately effective.

Michael S.
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