



**Fifth Report of
KSV Kofman Inc. as
Information Officer of
WYNIT Distribution, LLC,
WD Navarre Distribution, LLC,
WD Encore Software, LLC,
WD Navarre Holdings, LLC,
WD Navarre Digital Services, LLC,
WYNIT Holdings, Inc. and
WD Navarre Canada, ULC**

December 1, 2017

Contents

Page

1.0	Introduction.....	1
1.1	Overview of the Chapter 11 Proceedings.....	2
1.2	Purposes of this Report.....	3
1.3	Currency.....	4
1.4	Restrictions.....	4
2.0	Background.....	4
3.0	Remaining Inventory.....	5
3.1	RI Bid Procedures.....	5
3.2	Recommendation – RI Bid Procedures Order.....	7
3.3	Bid Process Results and Recommendation.....	7
4.0	Settlement Agreements.....	9
4.1	Recommendation re: Settlement Agreements.....	11
5.0	Lease Rejection Order.....	11
6.0	Conclusion and Recommendation.....	12

COURT FILE NO.: CV17-582329-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C 1985,
C.C-36, AS AMENDED

AND IN THE MATTER OF WYNIT DISTRIBUTION, LLC,
WD NAVARRE DISTRIBUTION, LLC, WD ENCORE SOFTWARE, LLC,
WD NAVARRE HOLDINGS, LLC, WD NAVARRE DIGITAL SERVICES, LLC,
WYNIT HOLDINGS, INC. AND WD NAVARRE CANADA, ULC

APPLICATION OF WYNIT DISTRIBUTION, LLC
UNDER SECTION 46 OF THE
COMPANIES' CREDITORS ARRANGEMENT ACT R.S.C 1985, C.C-36, AS AMENDED

FIFTH REPORT OF KSV KOFMAN INC.
AS INFORMATION OFFICER

DECEMBER 1, 2017

1.0 Introduction

1. On September 8, 2017, WYNIT Distribution, LLC (the "Foreign Representative"), WD Navarre Distribution, LLC, WD Encore Software, LLC ("Encore"), WD Navarre Holdings, LLC, WD Navarre Digital Services, LLC, WYNIT Holdings, Inc. (collectively, the "US Debtors") and WD Navarre Canada, ULC (the "Local Debtor") (jointly, the US Debtors and the Local Debtor are referred to as the "Debtors") commenced proceedings by filing voluntary petitions for relief under chapter 11 of title 11 of the United States Bankruptcy Code ("US Bankruptcy Code") in the United States Bankruptcy Court for the District of Minnesota (the "US Court") (the "Chapter 11 Proceedings").
2. On September 8, 2017, the Ontario Superior Court of Justice (Commercial List) (the "Ontario Court") granted an interim stay order in respect of the Local Debtor and WYNIT Holdings, Inc. until the return of the Foreign Representative's application for recognition of the Chapter 11 Proceedings under Part IV of the *Companies' Creditors Arrangement Act* ("CCAA").
3. On September 13 and 14, 2017, the US Court granted various orders (collectively, the "First Day Orders").

4. On September 21, 2017, the Ontario Court granted the following orders pursuant to Part IV of the CCAA:
 - a) The Initial Recognition Order which, *inter alia*, recognized the Chapter 11 Proceedings as a “foreign main proceeding” and recognized the Foreign Representative as “foreign representative”, as defined in section 45 of the CCAA, and stayed all proceedings against the Local Debtor; and
 - b) The Supplemental Order which, *inter alia*, appointed KSV Kofman Inc. (“KSV”) as information officer (“Information Officer”) with respect to the Local Debtor, granted certain stays as set out therein and recognized certain First Day Orders.
5. On October 20, 2017, the US Court granted an order which expanded the Foreign Representative Order to authorize the Foreign Representative to act as foreign representative of the US Debtors (the “Expanded Foreign Representative Order”). On October 23, 2017, the Expanded Foreign Representative Order was recognized by the Ontario Court.

1.1 Overview of the Chapter 11 Proceedings

1. On September 27, 2017, the US Court granted an order increasing the borrowings available under the debtor-in-possession facility (“DIP Facility”) among the Debtors and the Debtors’ prepetition senior secured lending syndicate comprised of Wells Fargo Bank, N.A. (the “DIP Agent”), JPMorgan Chase Bank, N.A., SunTrust Robinson Humphrey, Inc. and SunTrust Bank (collectively, the “DIP Lenders”) from \$3.5 million (as provided for in the interim DIP order, one of the First Day Orders) to \$8 million (“Second Interim DIP Order”). Pursuant to a further order of the US Court dated October 27, 2017, the maximum amount available under the DIP Facility was increased to \$15 million, being the maximum commitment under the DIP Facility (“Final DIP Order”). Both the Second Interim DIP Order and the Final DIP Order have been recognized by the Ontario Court.
2. On October 23, 2017, the US Court granted an order which, *inter alia*, approved a liquidation transaction (the “Liquidation Transaction”) for the Debtors’ owned inventory (“Owned Inventory”) and other assets, excluding the Encore Assets and the Remaining Inventory (both as defined below), for a net minimum guarantee amount of \$48 million, pursuant to an agency and sale agreement (“Liquidation Agreement”) with GBH Wynit, LLC, being an entity formed by Gordon Brothers and Hilco for the purposes of this transaction (the “Liquidator”) (“US Sale Order”).
3. On October 23, 2017, the Ontario Court granted an order, *inter alia*, recognizing the US Sale Order. The Liquidation Transaction closed on October 23, 2017.
4. On November 9, 2017, the US Court granted an order which, *inter alia*, approved a transaction (the “Encore Transaction”) for the sale of Encore’s business and assets (“Encore Assets”) for a purchase price of \$1.7 million pursuant to a sale agreement with Sereno Ventures, LLC (“Encore Sale Order”).
5. On November 10, 2017, the Ontario Court granted an order, *inter alia*, recognizing the Encore Sale Order. The Encore Transaction closed on November 13, 2017.

6. Since the outset of the Chapter 11 Proceedings, numerous inventory suppliers have asserted claims to certain of the Debtors' inventory, including on the basis that it had been supplied to the Debtors on a consignment basis. This inventory was excluded from the Liquidation Transaction and the Encore Transaction. On October 24, 2017, the Debtors filed motions: (i) seeking approval of bid procedures to monetize the remaining inventory that had been excluded from the Liquidation Transaction and the Encore Transaction (the "Remaining Inventory") (the "RI Bid Procedures"); and (ii) seeking approval of the sale resulting from the RI Bid Procedures (the "RI Sale Motion").
7. On November 9, 2017, the US Court granted an order approving the RI Bid Procedures ("RI Bid Procedures Order").
8. On November 27, 2017, the US Court granted an order authorizing the rejection of certain executory contracts and unexpired leases ("Lease Rejection Order").
9. On November 28, 2017, the following orders were granted by the US Court:
 - a) an order approving the Settlement Agreements (as defined below) with certain vendors in respect of certain of the Remaining Inventory ("RI Settlement Order"); and
 - b) an order approving a settlement with Sage Software, Inc. and Sage Canada Ltd. (jointly, "Sage") ("Sage Settlement Order" and together with the RI Settlement Order, the "Settlement Orders").
10. On November 30, 2017, the US Court granted an order, *inter alia*, authorizing the Debtors to sell the Remaining Inventory (the "Sale"), excluding the Excluded Inventory (as defined below), with the assistance of Conway MacKenzie, Inc. ("Conway"), the Debtors' financial advisor ("RI Sale Order").
11. This report ("Report") is filed in KSV's capacity as Information Officer.

1.2 Purposes of this Report

1. The purposes of this Report are to:
 - a) summarize the sale process for the Remaining Inventory carried out by the Debtors with the assistance of Conway;
 - b) provide the Information Officer's commentary on the reasonableness of the Foreign Representative's request that this Honourable Court recognize the RI Bid Procedures Order, the RI Sale Order, the Settlement Orders and the Lease Rejection Order; and
 - c) recommend that the Ontario Court grant the relief being sought by the Foreign Representative.

1.3 Currency

1. All currency references in this Report are to US dollars.

1.4 Restrictions

1. In preparing this Report, the Information Officer has relied upon unaudited financial information prepared by the Debtors' representatives, the Debtors' books and records (to the extent they were used to prepare and file materials in the Chapter 11 Proceedings) and discussions/correspondence with the Debtors' management, Conway and the Debtors' Canadian and US counsel.
2. The Information Officer has not performed an audit or other verification of such information. An examination of the Debtors' financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on the Debtors' representatives' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Information Officer expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Report, or relied upon by the Information Officer in its preparation of this Report.

2.0 Background

1. Prior to the Chapter 11 Proceedings, the Debtors were a significant distributor of consumer electronics and accessories, photography and video equipment, specialty printing products and emerging technology products. The Debtors served a wide customer base, including large national retailers, e-commerce retailers, independent retailers and commercial technology resellers.
2. The Local Debtor was the only operating entity in Canada and operated from a leased warehousing and distribution facility in Mississauga, Ontario ("Mississauga Premises"). Since the commencement of these proceedings, there has been limited activity at the Debtors' various warehousing and distribution facilities, including at the Mississauga Premises.
3. The Liquidator required access to the Mississauga Premises to conduct the liquidation. Pursuant to the Liquidation Agreement, the Liquidator notified the Debtors that it would not require access to the Mississauga Premises as of November 16, 2017. The Information Officer understands that the Remaining Inventory located in Canada has since been removed from the Mississauga Premises and is being stored at a third party warehouse. There are no employees remaining at the Mississauga Premises.
4. Additional information about the Debtors' background is detailed in the affidavit of Gregory Charleston, Senior Managing Director of Conway, sworn November 28, 2017 (the "Charleston Affidavit") filed as part of the Foreign Representative's motion record and, accordingly, is not repeated herein. Additional background information is also available on the Information Officer's website at: <http://www.ksvadvisory.com/insolvency-cases/httpksvadvisory-cominsolvency-caseswynit-distribution-llc/>.

3.0 Remaining Inventory

1. Following the shutdown of the Debtors' operations in late August, 2017, Conway was engaged by the Debtors to explore methods to maximize recoveries on the Debtors' business and assets. The results of those efforts have included the Liquidation Transaction and the Encore Transaction, both of which were (as stated above) approved pursuant to orders issued by the US Court which were subsequently recognized by the Ontario Court. As set out in the Charleston Affidavit, although the Debtors have maintained throughout the Chapter 11 Proceedings that they have ownership rights with respect to the Remaining Inventory, in order to expedite and eliminate many objections relating to the sale of the Owned Inventory, the Remaining Inventory was excluded from the Liquidation Transaction.
2. Based on the Debtors' books and records, the book value of the Remaining Inventory located in the US and Canada is set out in the table below.

Location of Remaining Inventory	Book Value (\$)
US	12,297,875
Canada	11,682,790
Total	23,980,665

3.1 RI Bid Procedures¹

1. The US Court granted the RI Bid Procedures Order on November 9, 2017, which included certain key dates ("Milestone Dates"). The Milestone Dates are set out below, which are subject to extension by the Debtors with the consent of the DIP Agent and the official committee of unsecured creditors ("Committee") (jointly, the "Consultation Parties").

Milestone	Date/Time (if applicable)
Bid Deadline	November 16, 2017 at 12:00 pm prevailing Central Time ("CT") ("Bid Deadline")
Auction	November 20, 2017 at 11:00 am CT
Sale Hearing Objection Deadline	November 22, 2017
Sale Hearing	November 28, 2017 at 9:00 am CT
Closing	By no later than November 30, 2017

2. The following is a summary of the significant terms of the RI Bid Procedures:
 - a) Sales Agent: Conway.
 - b) Bid Deadline: November 16, 2017 at 12:00 pm CT or as extended by Conway, in consultation with the Consultation Parties. In the case of an extension, Conway must promptly notify all Potential Bidders.

¹ Capitalized terms in this section have the meaning provided to them in the RI Bid Procedures unless otherwise defined herein. The summary of the RI Bid Procedures contained herein is for information purposes only. Reference should be made to the RI Bid Procedures and the RI Bid Procedures Order themselves for specific terms.

- c) Participation Requirements: In order to participate, a Potential Bidder must provide Conway with an executed confidentiality agreement (“CA”) and evidence of its financial capability and legal authority to close the proposed transaction in a timely manner.
- d) Diligence Requests: Upon receipt of the participation requirements noted above, Conway will coordinate due diligence requests with the Debtors. No conditions relating to the completion of due diligence will be permitted to exist after the Bid Deadline, except as otherwise agreed to by Conway in writing, after consultation with the Consultation Parties.
- e) Qualified Bid: A Bid will constitute a Qualified Bid if it is: (i) received by the Bid Deadline; (ii) accompanied by a Good Faith Deposit of at least 10% of the purchase price (if applicable); and (iii) submitted in a form acceptable to Conway, in consultation with the Consultation Parties. The form of agreement must specifically delineate which portion of the Remaining Inventory is proposed to be purchased, must not contain any financing, due diligence or other conditions to closing (excluding US and Ontario Court approval) and must provide that the offer is irrevocable for a period of 30 days after the entry of the RI Sale Order, subject to the back-up bidder provisions detailed below.
- f) Bid Requirements: In addition to the bid stipulations noted above, all Bids must also, among other things: (i) provide the purchase price for the Remaining Inventory to be purchased; (ii) be in cash, unless otherwise consented to by Conway and the Consultation Parties; (iii) be accompanied by evidence of committed financial ability to consummate the transaction; and (iv) not be conditional upon the US Court’s approval of any bid protections.
- g) Deliverables to Consultation Parties: Conway is to provide copies of all Bids to the Consultation Parties promptly after the Bid Deadline but no later than 2:00 pm CT on November 17, 2017.
- h) Auction: If more than one Qualified Bid is submitted, Conway will conduct the Auction on November 20, 2017. A summary of the significant terms of the Auction is as follows:
- Conway will provide each Auction Participant with notice of the Initial Highest Bid(s), the Remaining Inventory to which they relate and a copy of such Bid prior to the start of the Auction;
 - At the commencement of the Auction, Conway will announce the Initial Highest Bid and the portion of the Remaining Inventory to which it relates. All Qualified Bids will be based on and increased therefrom, and made in minimum increments higher than the previous Qualified Bid in an amount to be established by Conway in consultation with the Consultation Parties;
 - Each Auction Participant is deemed to have agreed to keep its final Qualified Bid, made at or prior to the Auction, open for 30 days after the entry of the RI Sale Order;
 - Bidding at the Auction will continue until the highest or otherwise best Qualified Bid(s) is determined;

- At the discretion of Conway, in consultation with the Consultation Parties, Auction Participants who have submitted bids for less than all the Remaining Inventory may be permitted to join together as a single Qualified Bidder and submit a joint Qualified Bid to acquire substantially all the Remaining Inventory;
 - Conway, in consultation with the Consultation Parties, shall have the right to adopt such other rules for the Auction which it believes will promote the goals of the Auction; and
 - Conway, in consultation with the Consultation Parties, will identify the Successful Bid(s).
3. If the Successful Bidder fails to consummate the proposed transaction, the Auction Participant with the next highest or otherwise best Qualified Bid (“Back-Up Bidder”) will be deemed to be the Successful Bidder and the Debtors will be authorized to consummate the sale transaction with the Back-Up Bidder without further order of the US Court.

3.2 Recommendation – RI Bid Procedures Order

1. The Information Officer recommends that the Ontario Court recognize the RI Bid Procedures Order for the following reasons:
- a) in the Information Officer’s view, the duration of the process was sufficient to allow interested parties to perform due diligence and submit offers;
 - b) the Milestone Dates were appropriate as there is urgency to complete a transaction on an expedited basis given the limited shelf life of the Remaining Inventory and the imminent holiday season;
 - c) through the marketing efforts of Conway and the media coverage generated since the Debtors’ shutdown, the liquidation of all of the Debtors’ assets, including the Remaining Inventory, has been widely publicized and the most likely buyers have known about the pending liquidation for some time; and
 - d) the RI Bid Procedures are consistent with the Court-approved bid procedures used for solicitation of bids for the Owned Inventory and were developed with the input of the DIP Lenders and other interested stakeholders, including the Committee.

3.3 Bid Process Results and Recommendation

1. The Debtors carried out the sale process in accordance with the RI Bid Procedures Order. The results were as follows:
- a) Conway contacted over 50 parties, in addition to corresponding with many suppliers interested in re-purchasing the inventory they had previously supplied to the Debtors;
 - b) 12 parties signed a CA and requested further information;

- c) On the Bid Deadline, Conway received Bids from nine parties, categorized as follows:
- Three bids for the purchase of all of the Remaining Inventory;
 - Three bids whereby the bidder would serve as agent to sell the Remaining Inventory for the Debtors on a commission basis; and
 - Three bids from individual suppliers for the inventory they previously shipped to the Debtors.
- d) An Auction was conducted on November 20, 2017 and the results were as follows:
- Several of the alleged consignors of the Remaining Inventory attended to address the potential sale of their inventory by the Debtors and ultimately settlement agreements were reached with certain of these vendors (“Settlement Agreements”), as discussed in further detail in Section 4.0 of this Report; and
 - The Successful Bid was determined to be the bid from the Liquidator, pursuant to which: (i) the Liquidator would act as the Debtors’ agent to liquidate certain of the Remaining Inventory (excluding the Remaining Inventory that is subject to the Settlement Agreements) for a commission of 10% of gross sale proceeds; and (ii) the Debtors would fund all expenses related to the sale of the Remaining Inventory and would reimburse the Liquidator up to \$15,000 for its out-of-pocket expenses.
2. Following the Auction, the Debtors filed an agency agreement with the Liquidator (the “RI Agreement”) for the sale of the Remaining Inventory for approval at the RI Sale Motion. The RI Sale Motion was heard by the US Court on November 28, 2017.
3. At the hearing, there were a number of objections and other concerns regarding the proposed RI Agreement and, ultimately, the RI Agreement was not approved. Instead, the US Court ruled that it would authorize the Debtors (with the assistance of Conway) to sell the Remaining Inventory that was subject to the RI Agreement. In addition, the US Court required that inventory supplied by five objecting parties be removed from the sale of the Remaining Inventory (“Excluded Inventory”)². Those objections will be heard by the US Court on December 13, 2017 if not otherwise resolved. As at the date of this Report, the book value of the Remaining Inventory subject to the Sale is approximately \$5.4 million³.
4. The RI Sale Order was entered by the US Court on November 30, 2017.

² Reflects inventory with a book value of approximately \$5.65 million, of which \$2.9 million is located in Canada.

³ Includes inventory with a book value of approximately \$1 million that is subject to Settlement Agreements, whereby the inventory is to be sold by the Debtors, as further detailed in Section 4.0 of this Report.

5. Based on the process undertaken to date, the Information Officer believes that it would be reasonable and appropriate for the Ontario Court to recognize the RI Sale Order for the following reasons:
- a) In the Information Officer's view, the process to solicit bids and/or liquidation proposals for the Remaining Inventory was commercially reasonable and consistent with standard processes approved by US Courts and the Ontario Court in the context of cross-border insolvency proceedings;
 - b) The process was carried out by Conway, a reputable financial advisory firm with considerable experience in distressed situations and intimate knowledge of the Remaining Inventory and the claims thereto given Conway's involvement with the Debtors since the outset of the Chapter 11 Proceedings;
 - c) Conway's involvement with the Debtors and its knowledge of their inventory, including its familiarity with the Liquidator's marketing activities to realize on the Owned Inventory, makes it well positioned to market and realize on the Remaining Inventory expeditiously, which is imperative given the upcoming holiday season;
 - d) The outright purchase offers were unacceptable by the parties and there were no liquidation proposals that contemplated a net minimum guarantee. Accordingly, the offers received did not provide any more certainty of realizable value for the Remaining Inventory than the Sale approved by the US Court may generate;
 - e) Conway, the Debtors, the DIP Lenders and the Committee support the RI Sale Order;
 - f) The RI Sale Order contemplates the entry of the Settlement Agreements and the exclusion of the Excluded Inventory, thereby dealing with the objections that have been and continue to be asserted in the Chapter 11 Proceedings, as further detailed in Section 4.0 below; and
 - g) The DIP Lenders and the Committee are supportive of the relief contemplated by the RI Sale Order.

4.0 Settlement Agreements

1. As at the date of this Report, the Debtors have entered into ten Settlement Agreements. The book value of the Remaining Inventory subject to the Settlement Agreements is approximately \$12.82 million.
2. The Settlement Agreements will resolve many of the objections that were previously asserted by suppliers of the Remaining Inventory.
3. The nature of these objections include potentially complicated legal issues concerning ownership of the Remaining Inventory and entitlement to sale proceeds from the sale of accounts receivable that were sold to the Liquidator under the Liquidation Transaction.

4. The remaining objections relating to the Excluded Inventory will be heard by the US Court on December 13, 2017, if not resolved prior to that date.
5. Pursuant to the Settlement Agreements:
 - a) all accounts receivable generated prior to a specified date are deemed property of the Debtors; and
 - b) each vendor agrees to either: (i) buy back its inventory for a specific price; or (ii) allow such inventory to be sold by the Debtors with the proceeds to be split among the DIP Lenders, the Debtors and the vendor.
6. If a vendor's inventory is repurchased by the vendor, then 90% of the net proceeds is to be remitted to the DIP Agent and 10% of the net proceeds is to be retained by the Debtors. Alternatively, if the vendor's inventory is to be sold as part of the RI Transaction, the net proceeds of such sales are to be allocated as follows: 45% to each of the vendor and DIP Agent and 10% to the Debtors.
7. All of the Settlement Agreements also contain: (i) releases by the vendors in favour of the Debtors, including without limitation, a release of any potential claim by the vendors under Section 503(b)(9) of the US Bankruptcy Code ("Vendor Release"); and/or (ii) releases by the Debtors in favour of the vendors, including without limitation, a release of any potential claims under Chapter 5 of the US Bankruptcy Code ("Debtors Release"); and (iii) releases by the vendors in favour of the DIP Agent.
8. A summary of the Settlement Agreements is provided below:

Vendor	Book Value of Inventory (\$)	Book value of Inventory in Canada (\$)	Settlement Amount (if applicable) (\$)	Vendor Release/ Debtors Release	% Split Debtors/Vendor/ DIP Agent
Corel	8,341,194	3,979,984	425,000	Yes/Yes	N/A
Rosetta Stone Ltd.	2,049,871	251,292	650,000	Yes/Yes	N/A
Sage ⁴	800,594	800,594	47,010	Yes/Yes	N/A
Quicken Inc.	494,872	-	N/A	Yes/Yes	10/45/45
Vidbox, Inc.	380,278	133,391	61,972	Yes/Yes	N/A
McAfee, LLC	301,681	292,805	N/A	Yes/Yes	10/45/45
Kaijet Technology International Limited, Inc.	172,602	172,602	67,045	Yes/Yes	N/A
Webroot Inc.	172,162	-	N/A	Yes/Yes	10/45/45
IC Real Tech, Inc.	71,638	71,638	N/A	Yes/Yes	10/45/45
Fixmestick Technologies, Inc.	39,891	38,991	7,978	Yes/Yes	N/A
Total	12,824,783	5,741,297	1,259,005		

⁴ Sage is the only vendor that has appeared in prior attendances before the Ontario Court in these proceedings.

4.1 Recommendation re: Settlement Agreements

1. At the RI Sale Motion, the only objection to the Settlement Agreements was by the Committee whose objection was overruled by the US Court.
2. The Information Officer believes that it would be reasonable and appropriate for the Ontario Court to recognize the Settlement Orders for the following reasons:
 - a) The Settlement Agreements provide additional proceeds to the Debtors' estates while eliminating the potential for complex, costly and lengthy litigation;
 - b) The Settlement Agreements provide a mechanism to realize on the Remaining Inventory during the holiday season, whether it is being sold by the Debtors pursuant to the RI Sale Order or by the vendors themselves, thereby maximizing value for inventory whose value would otherwise diminish rapidly; and
 - c) The DIP Lenders are supportive of the relief contemplated by the Settlement Orders.

5.0 Lease Rejection Order

1. The Mississauga Premises were subleased by the Local Debtor pursuant to a sublease arrangement ("Sublease") with Speed Commerce Inc., a Minnesota Corporation, as consented to ("Consent") by Chiefton Investments Limited, an Ontario Corporation (the "Landlord").
2. As of November 16, 2017, the Liquidator advised that it no longer required use of the Mississauga Premises. No inventory remains at the Mississauga Premises and the Debtors are in the process of arranging the removal of any third party furniture, fixtures and equipment.
3. Pursuant to the lease rejection motion filed by the Debtors in the US Court, the Debtors were seeking authority to reject 16 executory contracts and unexpired leases, including the Sublease and the Consent, with an effective date of November 30, 2017. The Debtors have since amended the proposed rejection date for the Sublease and the Consent to December 15, 2017. The U.S. Court entered the Lease Rejection Order on November 27, 2017.
4. The Information Officer understands that the Lease Rejection Order entered on November 27, 2017 contained an inadvertent typo in the reference to the Consent which could have led to the mistaken conclusion that the Debtors intended to reject the head lease for the Mississauga Premises (to which they are not a party). The Debtors have clarified that their intention was to reject the Consent and the Sublease only. On November 30, 2017, the US Court entered a corrected version of the Lease Rejection Order.
5. The Information Officer understands that of the 16 contracts or leases that are proposed to be rejected pursuant to the Lease Rejection Order, the Sublease and Consent are the only ones that have a connection to Canada.

6. Paragraph 10 of the Supplemental Order provides a third party stay against the Landlord in respect of terminating the head lease. As part of the proposed lease rejection by the Debtors, the Debtors are also seeking to lift the stay for that purpose.
7. In accordance with the provisions of the Supplemental Order, the Information Officer, the Landlord, the Debtors and the DIP Lenders have each consented to the lifting of the stay for the purpose of terminating the lease for the Mississauga Premises. The proposed rejection of the lease enables the Debtors to stop incurring occupancy costs at the Mississauga Premises, which are no longer required. Accordingly, the Information Officer recommends that the Ontario Court recognize the Lease Rejection Order, as corrected.

6.0 Conclusion and Recommendation

1. Based on the foregoing, the Information Officer recommends that this Honourable Court grant the relief being sought by the Foreign Representative.

* * *

All of which is respectfully submitted,



**KSV KOFMAN INC. IN ITS CAPACITY
AS INFORMATION OFFICER OF
WYNIT DISTRIBUTION, LLC, WD NAVARRE DISTRIBUTION, LLC,
WD ENCORE SOFTWARE, LLC, WD NAVARRE HOLDINGS, LLC,
WD NAVARRE DIGITAL SERVICES, LLC, WYNIT HOLDINGS, INC.
AND WD NAVARRE CANADA, ULC
AND NOT IN ITS PERSONAL CAPACITY**