

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

THE HONOURABLE MADAM) MONDAY, THE 3RD
)
JUSTICE CONWAY) DAY OF APRIL, 2023
)

**IN THE MATTER OF THE RECEIVERSHIP OF 2806401 ONTARIO INC.
o/a ALLIED TRACK SERVICES INC., A CORPORATION
INCORPORATED UNDER THE LAWS OF ONTARIO**

BETWEEN:

PRICEWATERHOUSECOOPERS INC.
(solely in its capacity as Court-appointed receiver and manager of Bridging Finance Inc.
and certain related entities and investment funds)

Applicant

- and -

2806401 ONTARIO INC. o/a ALLIED TRACK SERVICES INC.

Respondent

**ORDER
(Interim Distribution and Ancillary Matters)**

THIS MOTION made by KSV Restructuring Inc., (“**KSV**”) in its capacity as receiver and manager (in such capacity, the “**Receiver**”), without security, of all of the assets, undertakings and properties of 2806401 Ontario Inc. o/a Allied Track Services (the “**Debtor**”) for an order, among other things, (a) approving distributions and interim distributions to the Canada Revenue Agency (“**CRA**”), Employment and Social Development Canada (“**ESDC**”), certain former employees of

the Debtor, HSBC Bank Canada (“**HSBC**”), Meridian OneCap Credit Corp. (“**Meridian**”), Caisse Populaire (“**Caisse**”) and Bridging Finance Inc. (acting by its court appointed receiver, PricewaterhouseCoopers Inc.) (“**Bridging**”) in the amounts set out herein; (b) declaring that Danella Rental Systems Ltd. (“**Danella**”) and LMS Rail Services Limited (“**LMS**”) do not have a valid and enforceable secured claim against the assets of the Debtor (or the proceeds thereof) in priority to the security interest of Bridging; (c) declaring that A Action Towing and Recovery Inc. (“**A Action**”) does not have a valid possessory lien claim under the *Repair and Storage Lien Act* (the “**RSLA**”) against the Mark 4 Track Machine (VIN 7114114) formerly owned by the Debtor (the “**Mark 4**”), or the proceeds thereof; (d) approving the activities of the Receiver for the period of October 20, 2022 to March 21, 2023; and (e) approving the fees and disbursements of the Receiver and its counsel, Blake, Cassels & Graydon LLP (“**Blakes**”), for the period of September 23, 2022 to February 28, 2023, was heard this day by judicial videoconference via Zoom in Toronto, Ontario.

ON READING the Second Report to Court of KSV Restructuring Inc. as Receiver of 2806401 Ontario Inc. o/a Allied Track Services, dated March 21, 2023 (the “**Second Report**”), and on hearing the submissions of counsel for the Receiver, and those other counsel and parties listed on the Participant Information Form, no one else appearing although duly served as appears from the affidavit of service of Nancy Thompson sworn March 24, 2023,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

DISTRIBUTIONS AND INTERIM DISTRIBUTIONS

2. **THIS COURT ORDERS** that the Receiver is hereby authorized to make the following distributions in the following amounts, from the proceeds of sale of the Debtor's equipment and other cash held by the Receiver on account of the Debtor's property, subject to minor modifications to account for accruals of interest and expenses as agreed by the Receiver:

- (a) \$673,594 to the CRA;
- (b) the aggregate amount of \$153,841 to certain former employees of the Debtor, in such individual amounts as the Receiver has determined are owing on an individual basis;
- (c) \$52,106 to ESDC;
- (d) \$347,629 to HSBC;
- (e) \$144,240 to Meridian;
- (f) \$123,086 to Caisse; and
- (g) \$7,566,504 to Bridging,

subject to the maintenance of the Cost Reserve (\$750,000) and the Contingency Reserve (\$100,000), each as defined in the Second Report.

DANELLA DECLARATION

3. **THIS COURT DECLARES** that Danella does not have a valid and enforceable secured claim against the assets of the Debtor, including without limitation the Danella Units (as defined in the Second Report), nor the proceeds thereof, including without limitation the Danella Proceeds (as defined in the Second Report), in priority to the security interest of Bridging.

LMS DECLARATION

4. **THIS COURT DECLARES** that LMS does not have a valid and enforceable secured claim against the assets of the Debtor, including without limitation the LMS Units (as defined in the Second Report), nor the proceeds thereof, including without limitation the LMS Proceeds (as defined in the Second Report), in priority to the security interest of Bridging.

A ACTION DECLARATION

5. **THIS COURT DECLARES** that A Action does not have a valid possessory lien claim under the *RSLA* against the Mark 4, or the proceeds thereof.

APPROVAL OF ACTIVITIES AND FEES

6. **THIS COURT ORDERS** that the activities of the Receiver described in the Second Report, occurring between October 20, 2022 to March 21, 2023, in relation to the Debtor and these proceedings, are hereby ratified and approved, provided, however, that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

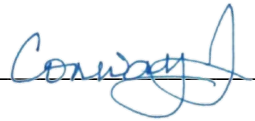
7. **THIS COURT ORDERS** that the fees and disbursements of the Receiver, for the period from September 23, 2022 to February 28, 2023, in the amount of \$372,832 exclusive of HST and disbursements, as detailed in the Affidavit of Mitch Vininsky sworn March 20, 2023 and attached as Appendix O to the Second Report, be and are hereby authorized and approved.

8. **THIS COURT ORDERS** that the fees and disbursements of Blakes, for the period from September 23, 2022 to February 28, 2023, in the aggregate amount of \$172,820, exclusive of HST and disbursements, as detailed in the Affidavit of Chris Burr sworn March 21, 2023 and attached as Appendix P to the Second Report, be and are hereby authorized and approved.

GENERAL

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or any other jurisdiction to give effect to this Order and assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

10. **THIS COURT ORDERS** that this order is effective from today's date and is made and enforceable without any need for entry or filing.

A handwritten signature in blue ink, appearing to read "Conway", is written over a horizontal line.

PRICEWATERHOUSECOOPERS INC.
(solely in its capacity as Court-appointed receiver and manager of
Bridging Finance Inc. and certain related entities and investment funds)

- and - 2806401 ONTARIO INC. o/a
ALLIED TRACK SERVICES INC.

Applicant

Respondent

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding Commenced at Toronto

**ORDER
(Interim Distribution and Ancillary Matters)**

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