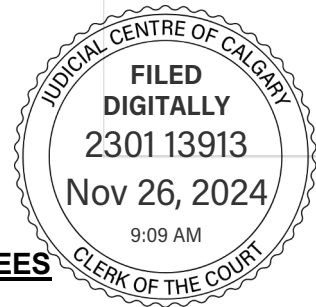


COURT FILE NUMBER 2301-13913
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT SEQUENT AI LTD.
RESPONDENTS GENESIS INTEGRATION INC. and
FUSION CINE SALES & RENTALS INC.
DOCUMENT

Clerk's Stamp



**AMENDED APPLICATION (APPROVAL OF FEES
AND ACTIVITIES, DISTRIBUTIONS, AND
DISCHARGE)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

McMillan LLP
TD Canada Trust Tower
#1700, 421-7th Avenue SW
Calgary, Alberta T2P 4K9

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File No.: 302297

NOTICE TO THE RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date: Tuesday, December 3, 2024
Time: 10:00am – 11:00am
Where: Edmonton Law Courts, via WebEx as attached as Appendix "A"
Before: The Honourable Justice Harris

Go to the end of this document to see what you can do and when you must do it.

Remedy claimed or sought:

1. KSV Restructuring Inc., in its capacity as receiver and manager ("**Receiver**") of Genesis Integration Inc. ("**Genesis**") and Fusion Cine Sale & Rentals Inc. ("**Fusion**") and together with Genesis collectively referred to as, the "**Debtors**" or "**Discharged Estates**") seeks an order containing the following relief as outlined in the proposed form of order attached hereto as **Schedule "A"**:

- a. approving the activities, actions, and conduct of the Receiver described in the Second Report of the Receiver dated August 6, 2024 and Supplement to the Second Report of the Receiver dated November 19, 2024 (collectively, the "**Second Report**");
- b. approving distributions from the receivership estates of the Debtors to Sequent AI Ltd. ("**Sequent**") as described in the Second Report;
- c. approving the professional fees and disbursements of the Receiver and of McMillan LLP, legal counsel to the Receiver, without the necessity of a formal assessment of its accounts, for the period from the commencement of these proceedings to October 31, 2024, plus a fee accrual to completion in the amount of \$21,000 (the "**Fee Accrual**"), as described in the Second Report;
- d. discharging the Receiver in respect of the receiverships of Genesis and Fusion and:
 - (i) releasing the Receiver from liability for any acts or omissions on its part, in relation to the respective receivership, save and except for liability arising out of any fraud, gross negligence or willful misconduct; and
 - (ii) staying any action or proceedings against the Receiver, in relation to the respective receiverships, without prior leave of the Court on notice to the Receiver; and,
- e. abridging the time for service of this Application, if necessary, and declaring that this Application is properly returnable and that further service of this Application is hereby dispensed with;

2. Such further and other relief as counsel may request and this Honourable Court may deem appropriate.

Grounds for Making this Application:

A. Overview

3. KSV Restructuring Inc. was appointed receiver and manager of the property, assets and undertakings of the Debtors pursuant to a receivership order granted on October 24, 2023 (the “**Receivership Order**”).

4. Genesis was in the business of designing and integrating audiovisual collaboration systems and operated from leased premises in Edmonton, Mississauga, Ottawa and Montreal. It provided services including equipment sales and consulting, design and implementation of complex integrated audiovisual systems, programing and installing them at the customers’ sites.

5. Fusion, headquartered in Vancouver, British Columbia, and purchased by Genesis in 2007, was a national production partner that provided sales, rentals and servicing of audio, video, photography and lighting equipment to Canadian broadcast companies, film production companies and digital content creators. Fusion generally operated as a separate standalone business from Genesis.

6. The Debtors both substantially discontinued operations in March, 2023.

7. Sequent AI Ltd. (“**Sequent**”) is the Debtors’ principal secured creditor and is owed approximately \$8.2 million plus interest and costs which continue to accrue. Sequent is projected to incur a substantial shortfall on its secured debt.

8. Subsequent to the Receivership Order, the Receiver terminated all but four employees for Genesis and two employees for Fusion to assist with the planned liquidation. Sequent has consented to compensation arrangements for these employees.

9. As further described in the Second Report, Sequent has advanced \$105,223 to the Receiver to fund the Debtors’ payroll costs, including the payout of the Debtors’ vacation pay obligations and post-filing occupancy expenses.

10. On November 6, 2023, the Receiver issued its first Receiver’s Certificate evidencing this initial advance under the Receiver’s Borrowings Charge (as defined in the Receivership Order).

On March 13, 2024, that obligation was repaid from the fixed asset liquidation proceeds generated during these proceedings.

11. On August 15, 2024, when this application was initially set to be heard, it was brought to the Receiver's attention that the Canada Revenue Agency asserted a deemed trust claim as against Genesis in the amount of approximately \$175,000 (the "Deemed Trust Claim").

12. On October 24, 2024, upon application of Sequent, this Court granted a bankruptcy order as against Genesis (the "Bankruptcy Order"). The Bankruptcy Order appointed KSV Restructuring Inc. as Trustee of Genesis' bankrupt estate, subject to affirmation at the first meeting of creditors.

13. On November 19, 2024, KSV Restructuring Inc.'s appointment as Trustee was affirmed at the first meeting of the creditors.

B. Approval of Actions, Activities and Conduct

14. The activities of the Receiver and its independent legal counsel are described in detail in the Second Report and the preceding reports of the Receiver filed in these proceedings.

15. The Receiver submits that its actions, activities and conduct and those of its independent legal counsel were appropriate and necessary for the administration of the receivership and ought to be approved by this Honourable Court.

C. Approval of Distributions

16. The Receiver seeks an order making distributions to Sequent after paying or providing for all of the Receiver's and its legal counsel's existing and final fees and disbursements.

17. The Receiver submits that making distributions to Sequent is appropriate for the following reasons:

- a) the Receiver's legal counsel, McMillan, provided a security opinion dated April 18, 2024 that concludes, among other things, subject to the standard assumptions and qualifications contained therein, that the security granted in favour of Sequent creates a valid and perfected security interest over the Debtors' assets;

- b) the proposed distribution represents the net proceeds generated from the liquidation of Sequent's collateral, being the Debtors' inventory, fixed assets and accounts receivable;
- c) the Receiver's administration under the *Wage Earners Protection Program Act* did not identify any priority employee claims and, accordingly, the Receiver is not aware of any secured creditor(s) or any claim that ranks or may rank in priority to Sequent over the proceeds generated over the course of these proceedings, other than any amounts secured by the Court-ordered charges, being the Receiver's Charge and the Receiver's Borrowings Charge (each as defined in the Receivership Order), for which the Fee Accrual is required;
- d) the Bankruptcy Order has the effect of reversing the priority of the Deemed Trust Claim; and
- e) to the Receiver's knowledge, all post-filing obligations, including professional fees, are current through October 31, 2024.

18. To the extent any additional accounts receivable are collected following the Receiver's discharge or there are additional amounts leftover from the Fee Accrual that are not required to satisfy professional fees and/or unpaid, post-filing expenses, the Receiver intends to remit those funds to Sequent.

D. Approval of Professional Fees and Disbursements of the Receiver

19. The Receiver incurred fees and disbursements totaling approximately \$219,000.00 (excluding applicable sales taxes) for the period from the commencement of these receivership proceedings to October 31, 2024 (the "**Receiver's Fees**").

20. McMillan LLP incurred fees and disbursements totaling approximately \$52,000.00 (excluding applicable sales taxes) for the period from the commencement of these receivership proceedings to October 31, 2024 (the "**Receiver's Legal Fees**" and collectively with the Receiver's Fees, the "**Professional Fees**").

21. The Receiver submits that the Fee Accrual in the amount of \$21,000.00 is sufficient and necessary to cover its fees and the fees of McMillan LLP from November 1, 2024 to the completion

of these receivership proceedings. The Professional Fees and Fee Accrual are described further in the Second Report.

22. The Receiver respectfully submits that the Professional Fees accurately reflect the work done by the Receiver and McMillan LLP for such period and are fair and reasonable in the circumstances and justified in the circumstances. The Professional Fees were charged by the Receiver and McMillan at their standard hourly rates and, in the Receiver's experience, are comparable to the standard rates of other providers of similar services in Alberta.

E. Discharge of the Receiver for Genesis and Fusion

23. All matters pertaining to the administration of the receiverships over all of the current and future assets, undertakings and property of Genesis and Fusion will have been substantially finalized following the making of the distributions as described in the Second Report, with the exception of the remaining administrative matters described in the Second Report.

24. Upon completion of the administrative matters as described in the Second Report, the Receiver submits that there are no other matters outstanding preventing the discharge of the Receiver and that a discharge as against each of the Debtors is appropriate.

Material of evidence to be relied on:

25. Receivership Order pronounced on October 24, 2023 by The Honourable Justice Feasby.

26. Order pronounced on November 4, 2023 by the Honourable Justice Johnston.

27. Bankruptcy Order of Genesis Integration Inc. pronounced on October 24, 2024 by the Honourable Justice Johnston.

28. First Report of the Receiver dated November 14, 2023.

29. Second Report of the Receiver dated August 6, 2024.

30. Supplement to the Second Report of the Receiver dated November 19, 2024.

31. All pleadings, affidavits and other materials filed in this action.

32. The inherent jurisdiction of this Honourable Court.

33. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

Applicable Rules:

34. Rules 6.47, 6.9, 11.27 and 13.5 of the Alberta Rules of Court; and

35. Such further material as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

36. *Bankruptcy and Insolvency Act*, RSC 1985 c. B-3, as amended;

37. *Judicature Act*, R.S.A. 2000, c. J-2, as amended;

38. This Court's equitable and inherent jurisdiction; and

39. Such further authority as counsel may advise and this Honourable Court may permit.

How the application is proposed to be heard or considered:

40. Commercial Duty Chambers before the Honourable Justice Harris by WebEx.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

Appendix “A”

Webex Information

Virtual Courtroom 86 has been assigned for the above noted matter:

Virtual Courtroom Link:

<https://albertacourts.webex.com/meet/virtual.courtroom86>

Instructions for Connecting to the Meeting

1. Click on the link above or open up Chrome or Firefox and cut and paste it into your browser address bar.
2. If you do not have the Cisco Webex application already installed on your device, the site will have a button to install it. Follow installation instructions. Enter your full name and email address when prompted
3. Click on the **Open Cisco Webex Meeting**.
4. You will see a preview screen. Click on **Join Meeting**.

Key considerations for those attending:

1. Please connect to the courtroom **15 minutes prior** to the start of the hearing.
2. Please ensure that your microphone is muted and remains muted for the duration of the proceeding, unless you are speaking. Ensure that you state your name each time you speak.
3. If bandwidth becomes an issue, some participants may be asked to turn off their video and participate by audio only.
- 4. Note: Recording or rebroadcasting of the video is prohibited.**
- 5. Note: It is highly recommended you use headphones with a microphone or a headset when using Webex. This prevents feedback.**

For more information relating to Webex protocols and procedures, please visit:
<https://www.albertacourts.ca/qb/court-operations-schedules/webex-remote-hearings-protocol>

Schedule "A"

Form of Order for Approval of Receiver's Fees and Activities, Distributions and Discharge

(see attached)

COURT FILE NUMBER 2301-13913
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT SEQUENT AI LTD.

Clerk's Stamp

RESPONDENTS GENESIS INTEGRATION INC. and
FUSION CINE SALES & RENTALS INC.

DOCUMENT **ORDER FOR FINAL DISTRIBUTION, APPROVAL OF RECEIVER'S FEES AND
DISBURSEMENTS, APPROVAL OF RECEIVER'S ACTIVITIES AND
DISCHARGE OF RECEIVER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF PARTY
FILING THIS DOCUMENT

McMillan LLP
TD Canada Trust Tower
#1700, 421-7th Avenue SW
Calgary, Alberta T2P 4K9

Attention: Adam Maerov/Preet Saini
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Fax: 403.531.4720
Email: adam.maerov@mcmillan.ca
preet.saini@mcmillan.ca
File No.: 302297

DATE ON WHICH ORDER WAS PRONOUNCED: December 3, 2024
LOCATION WHERE ORDER WAS PRONOUNCED: Calgary Courts Centre
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice Harris

UPON THE APPLICATION of KSV Restructuring Inc. in its capacity as the Court-appointed receiver and manager (the "Receiver") of the undertaking, property and assets of Genesis Integration Inc. ("Genesis") and Fusion Cine Sales & Rentals Inc. ("Fusion" and together with Genesis, the "Debtors") for an Order for the final distribution of proceeds, approval of the Receiver's fees and disbursements, approval of the Receiver's activities and discharge of the Receiver; AND UPON having read the Receiver's Second Report dated August 6, 2024 and the Supplement to the Second Report of the Receiver dated November 19, 2024 (collectively, the "Receiver's Report"); AND UPON having read the Receivership Order dated October 24, 2023 (the "Receivership Order"), the First Report of the Receiver dated November 14, 2023, and the pleadings and proceedings filed herein; AND UPON noting that a bankruptcy order was granted against Genesis on October 24, 2024; AND UPON reviewing the Affidavit of Service confirming service on the service list contained therein ("Service List"); AND UPON hearing counsel for the Receiver, counsel for Sequent AI Ltd. and counsel for various creditor and any other interested party appearing at the application: AND UPON being satisfied that it is appropriate to do so

IT IS ORDERED THAT:

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.
2. The Receiver's accounts for fees and disbursements, as set out in the Receiver's Report are hereby approved without the necessity of a formal passing of its accounts.
3. The accounts of the Receiver's legal counsel, McMillan LLP, for its fees and disbursements, as set out in the Receiver's Report are hereby approved without the necessity of a formal assessment of its accounts.
4. The fee accrual in the amount of \$21,000.00 (the "Fee Accrual") as further described in the Receiver's Report for Receiver's fees and the fees of its legal counsel from November 1, 2024, to the completion of these proceedings is approved.
5. The Receiver's activities as set out in the Receiver's Report and in all of its other reports filed herein, and the Statement of Receipts and Disbursements as attached to the Receiver's Report, are hereby ratified and approved.
6. The Receiver is authorized and directed to distribute to Sequent AI Ltd. the remaining net proceeds of realization of the assets of the Debtors, including without limitation any additional accounts receivable that are collected after the date hereof, net of all fees and costs necessary to complete the administration of the estates of the Debtors. The foregoing fees and costs shall be paid in priority to any distributions to Sequent AI Ltd.
7. On the evidence before the Court, the Receiver has satisfied its obligations under and pursuant to the terms of the Orders granted in the within proceedings up to and including the date hereof, and the Receiver shall not be liable for any act or omission on its part including, without limitation, any act or omission pertaining to the discharge of its duties in the within proceedings, save and except for any liability arising out of any in fraud, gross negligence or willful misconduct on the part of the Receiver, or with leave of the Court. Subject to the foregoing any claims against the Receiver in connection with the performance of its duties are hereby stayed, extinguished and forever barred.

8. No action or other proceedings shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver, except with prior leave of this Court on Notice to the Receiver, and upon such terms as this Court may direct.
 9. The Receiver shall be discharged as Receiver of the Debtors, provided however, that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership of the Debtors, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of KSV Restructuring Inc. in its capacity as Receiver.
 10. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by Facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
 11. Service of this Order shall be deemed good and sufficient by:
 - a. Serving the same on:
 - (i) the persons listed on the Service List created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order; and
 - b. Posting a copy of this Order on the Receiver's website at:
<https://www.ksvadvisory.com/experience/case/genesis-and-fusion>
- and service on any other person is hereby dispensed with.
10. Service of this Order on any party not attending this application is hereby dispensed with.

Justice of the Court of King's Bench of
Alberta