



COURT FILE NUMBER      **2301 - 13912**

COURT      **COURT OF KING'S BENCH OF ALBERTA**

JUDICIAL CENTRE      **CALGARY**

APPLICANT      **SEQUENT AI LTD.**

RESPONDENTS      **GENESIS INTEGRATION INC. and  
FUSION CINE SALES AND RENTALS INC.**

DOCUMENT      **SECOND REPORT OF THE RECEIVER  
AUGUST 6, 2024**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT      **RECEIVER'S COUNSEL  
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## 1.0 Introduction

1. This report ("Report") is filed by KSV Restructuring Inc. ("KSV") in its capacity as receiver and manager (the "Receiver") of the property, assets and undertaking of Genesis Integration Inc. ("Genesis") and its wholly-owned subsidiary, Fusion Cine Sales & Rentals Inc. ("Fusion", and together with Genesis, the "Companies").
2. Pursuant to an Order of the Court of King's Bench of Alberta (the "Court") made on October 24, 2023 (the "Receivership Order"), KSV was appointed Receiver. A copy of the Receivership Order is attached as Appendix "A".
3. The principal purposes of these receivership proceedings have been to conduct a Court-supervised wind-down of the Company's business and a liquidation of its assets that maximizes value for the Companies' stakeholders, including Sequent AI Ltd. ("Sequent"), the Companies' principal secured creditor and applicant in these proceedings.

### 1.1 Purposes of this Report

1. The purposes of this Report are to:
  - a) provide background information about the Companies and these proceedings;
  - b) set out the proposed distribution to Sequent of the net proceeds realized over the course of these receivership proceedings, after paying or providing for any outstanding post-filing fees and expenses incurred during these proceedings;
  - c) recommend that the Receiver be discharged of its duties and obligations under the Receivership Order as all outstanding receivership matters have been completed;
  - d) summarize the fees and disbursements of the Receiver and its legal counsel, McMillan LLP ("McMillan"), from the commencement of these proceedings to June 30, 2024, plus an accrual to completion of \$50,000 ("Fee Accrual"), and seek Court approval of same; and

- e) recommend that the Court issue an order (the “Discharge Order”):
- authorizing the Receiver to make one or more distributions to Sequent after paying or providing for the outstanding post-filing fees and expenses secured by the Receiver’s Charge (as defined in the Receivership Order);
  - approving the fees and disbursements of the Receiver and McMillan from the commencement of these proceedings to June 30, 2024, plus the Fee Accrual;
  - discharging the Receiver;
  - releasing and holding the Receiver harmless from any liability for any act or omission on its part including, without limitation, any act or omission pertaining to the discharge of its duties in these proceedings, save and except for any liability arising out of any fraud, gross negligence or willful misconduct on the part of the Receiver; and
  - approving the Receiver’s activities since the filing of its First Report to Court dated November 14, 2023 (the “First Report”), as detailed herein.

## **1.2 Restrictions**

1. In preparing this Report, the Receiver has relied upon the Companies’ unaudited financial information. The Receiver has not audited, reviewed or otherwise verified the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook.
2. The Receiver expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Receiver in preparing this Report. Reliance by any third party on the financial information in this Report for investment or credit purposes shall not be considered sufficient and such parties are strongly advised to perform their own due diligence. The Receiver shall have no responsibility for any reliance placed on the financial information presented in this Report by any present or future investor, creditor or other stakeholder of the Companies.

### **1.3 Currency**

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

## **2.0 Background**

1. Genesis, headquartered in Edmonton, Alberta, was in the business of designing and integrating audiovisual collaboration systems for both public sector and corporate clients. As at the date of the Receivership Order, Genesis operated from leased premises in Edmonton, Mississauga, Ottawa and Montreal.
2. Genesis provided a full range of services to its customers, including equipment sales and consulting, design and implementation of complex integrated audiovisual systems which require taking off-the-shelf components and configuring, programing and installing them at the customers' sites.
3. 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.
4. Although there was some strategic overlap and consolidation of back-office functions, Fusion operated as a separate standalone business from Genesis.
5. Prior to discontinuing its operations, Fusion sold "out of the box" solutions or engineering end-to-end solutions for larger projects, including supplying the requisite equipment, design, testing and training to its customers.
6. The Companies substantially discontinued operations in March, 2023. The Receiver's objective from the outset has been to expedite the liquidation process in order to minimize costs to the extent possible.
7. Sequent is the Companies' principal secured creditor. Based on the receivership application materials, Sequent was 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. Immediately following its appointment and in accordance with paragraph 14 of the Receivership Order, the Receiver, on behalf of the Companies, terminated all but a skeleton staff required to assist with the planned liquidation. As at the date of this Report, Genesis and Fusion have four and two employees, respectively. At the conclusion of the liquidation (early 2024), those employees were terminated. As disclosed in the First Report, they were paid a 10% increase to account for the loss of the Companies' benefits plan and a \$10,000 "stay bonus". Sequent consented to these arrangements.
9. As at the date of this Report, Sequent has advanced \$105,223 to the Receiver to fund the Companies' payroll costs, including the payout of the Companies' vacation pay obligations and post-filing occupancy expenses. 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 and other proceeds generated during these proceedings.
10. Additional information about the Companies and the issues leading to the Receiver's appointment were set out in the affidavit (the "Affidavit") of Kyle Lanzinger, President of Sequent, the Applicant in these proceedings, sworn October 18, 2023. Accordingly, that information is not repeated in this Report. Copies of Court materials filed in these proceedings, including the Affidavit and the First Report, are available on the Receiver's website at <https://www.ksvadvisory.com/experience/case/genesis-and-fusion>.

### **3.0 Asset Realizations**

1. As at the date of this Report, there is approximately \$207,000 in the receivership account. A copy of the interim statement of receipts and disbursements is attached as Appendix "B".

#### **3.1 Liquidation of Assets**

1. On November 8, 2023, the Receiver entered into a transaction with Infinity Asset Solutions Inc. (the "Liquidator") for the liquidation of the Companies' inventory and other owned assets, including certain vehicles, pursuant to a Liquidation Services Agreement dated November 8, 2023 (the "LSA"). The LSA was approved pursuant to a Court order dated November 24, 2023.
2. The LSA resulted in net proceeds of approximately \$361,000.

### **3.2 Accounts Receivable Collections**

1. In order to maximize recoveries on the Companies' accounts receivable, the Receiver engaged a collection agency, Receivables Control Corporation ("RCC"), to collect the Companies' accounts receivable.
2. Although the combined book value of the Companies' accounts receivable was \$4.7 million, the receivables were significantly impaired, including due to warranty issues and billings for incomplete project work. From the outset, Sequent and the Receiver attributed nominal value to the Companies' accounts receivable.
3. With RCC's assistance, the Receiver was able to realize approximately \$479,000 from the Companies' accounts receivable. It does not appear that any remaining accounts receivable are collectible.

### **4.0 Proposed Distributions**

1. Under the proposed Discharge Order, the Receiver seeks authorization to make distributions to Sequent after paying or providing for all of the Receiver's and its legal counsel's existing and final fees and disbursements.
2. The Receiver believes 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 (the "Security Opinion")<sup>1</sup> that concludes, among other things, subject to the standard assumptions and qualifications contained therein, that the security interest granted by the Companies in favour of Cortland Credit Lending Corporation and assigned to Sequent are effective, valid and enforceable against the Companies;
  - b) the proposed distribution represents the net proceeds generated from the liquidation of Sequent's collateral, being the Companies' inventory, fixed assets and accounts receivable;

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<sup>1</sup> A copy of McMillan's Security Opinion can be provided should the Court wish to review it.

- c) the Receiver's administration under the *Wage Earners Protection Program Act* ("WEPPA") 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; and
  - d) to the Receiver's knowledge, all post-filing obligations, including professional fees, are current through June 30, 2024.
- 3. Based on the foregoing, the Receiver recommends that this Honourable Court issue an order authorizing and directing the Receiver to make the distributions to Sequent. Subject to Court approval, the Receiver expects the initial distribution to Sequent to be \$157,000, which would leave approximately \$50,000 in the receivership account to cover the Fee Accrual.
- 4. To the extent any additional accounts receivable is collected following the Receiver's discharge, the Receiver intends to remit those funds to Sequent.

## **5.0 Receiver's Discharge**

- 1. Subject to Court approval, the Receiver intends to:
  - a) distribute the remaining funds (net of the Fee Accrual) to Sequent; and
  - b) prepare and file the Receiver's final report as required under Section 246 of the BIA.
- 2. Subject to those tasks, the Receiver's duties and responsibilities under the Receivership Order and other orders granted in these proceedings will have been completed.
- 3. Notwithstanding its discharge, the proposed Discharge Order provides that the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership and the Receiver shall continue to have the benefit of the provisions of all Orders made in these proceedings, including all approvals, protections and stays of proceedings in favour of the Receiver in its capacity as Receiver. The Receiver believes this provision is appropriate in the circumstances as it will allow the Receiver to address any issue that may arise following its discharge, including distributing



any additional receivable collections to Sequent. This is a customary provision in discharge orders granted in receivership proceedings.

## **6.0 Overview of the Receiver's Activities**

1. The Receiver's activities set out in its First Report were approved pursuant to a Court order dated November 24, 2023.
2. The Receiver's activities since the First Report have included, among other things, the following:
  - a) corresponding with Sequent and its counsel, Blake, Cassels & Graydon LLP, regarding all matters in this proceeding;
  - b) corresponding with McMillan on receivership matters, including in connection with its Security Opinion;
  - c) administering the employee claims process under WEPPA;
  - d) working with the Liquidator to complete the transactions contemplated under the LSA;
  - e) dealing with RCC on accounts receivable collections;
  - f) responding to numerous calls and information requests from creditors, customers, landlords, former employees and other stakeholders;
  - g) corresponding with Canada Revenue Agency ("CRA") regarding the Companies' sales tax and payroll remittance accounts, including in connection with the payment of a deemed trust claim asserted by CRA;
  - h) dealing generally with the administration of these proceedings; and
  - i) reviewing and commenting on Court materials filed in these proceedings, including drafting this Report.

## **7.0 Professional Fees**

1. The fees (excluding disbursements and applicable sales tax) of the Receiver and McMillan from the commencement of these proceedings to June 30, 2024 total approximately \$183,000 and \$31,000, respectively.

2. Detailed invoices in respect of the fees and disbursements of the Receiver and McMillan can be made available to the Court upon request. A summary of the fees and disbursements included on each invoice of KSV and McMillan for the referenced billing periods is attached as Appendix "C".
3. The Receiver is of the view that the hourly rates charged by McMillan are consistent with the rates charged by corporate law firms practicing in the areas of corporate insolvency and restructuring in the Alberta market, and that the overall fees charged by McMillan and the Receiver are reasonable and appropriate in the circumstances.
4. The Receiver will retain a Fee Accrual that is sufficient and necessary to cover its fees and the fees of McMillan from July 1, 2024 to the completion of these proceedings. Those fees have principally been, or will be, incurred in connection with preparing for the hearing of the Receiver's application returnable August 15, 2024. To the extent that the Fee Accrual is not required to be spent on professional fees and unpaid post-filing expenses, it will be distributed to Sequent.

## 8.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that this Court make an order granting the relief detailed in Section 1.1(1)(e) of this Report.

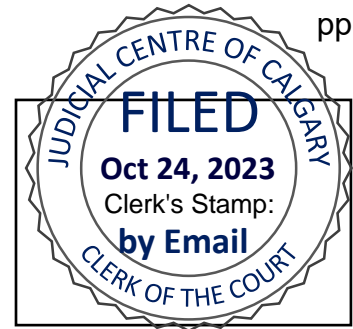
\* \* \*

All of which is respectfully submitted,

*KSV Restructuring Inc.*

**KSV RESTRUCTURING INC.,  
IN ITS CAPACITY AS COURT APPOINTED RECEIVER AND MANAGER OF  
GENESIS INTEGRATION INC. AND FUSION CINE SALES & RENTALS INC.  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “A”**



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 **CONSENT RECEIVERSHIP ORDER**

ADDRESS FOR SERVICE AND CONTACT  
INFORMATION OF PARTY FILING THIS  
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[jessica.mackinnon@blakes.com](mailto:jessica.mackinnon@blakes.com)

DATE ON WHICH ORDER WAS PRONOUNCED: October 24, 2023

LOCATION OF HEARING: Calgary Law Courts (via Webex)

NAME OF JUSTICE WHO GRANTED THIS ORDER: The Honourable Justice C.C.J. Feasby

**UPON THE ORIGINATING APPLICATION** by Sequent AI Ltd. ("**Sequent**") in its capacity as collateral and administrative agent (in such capacity, the "**Agent**") for the lenders party to the Credit Agreement (as defined in the Originating Application) which of the current time is only Sequent (in such capacity, the "**Lender**"), in respect of Genesis Integration Inc. ("**Genesis**") and Fusion Cine Sales & Rentals Inc. ("**Fusion**", and together with Genesis, the "**Debtors**");

**AND UPON** having read the Originating Application, the Affidavit of Kyle Lanzinger sworn October 18, 2023 and the affidavit of service of Olivia Valks, sworn on October 19, 2023 and the Pre-filing Report of the proposed receiver, KSV Restructuring Inc. (the "**Pre-Filing Report**");

**AND UPON** reading the consent of KSV Restructuring Inc. ("**KSV**") to act as receiver and manager (the "**Receiver**") of the Debtors, filed;

**AND UPON** noting the consent of the Debtors attached hereto as Schedule "A";

**AND UPON** hearing counsel for the Agent, and any other interested parties in attendance at the Application;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**Service**

1. The time for service of the notice of application for this Consent Receivership Order (the "**Order**") is hereby abridged and deemed good and sufficient and this application is properly returnable today.

**Appointment**

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "**BIA**"), KSV is hereby appointed Receiver, without security, of all of the Debtors' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**").

**Receiver's Powers**

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
  - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property, which shall include the Receiver's ability to abandon, dispose of, or otherwise release any interest in any of the Debtors' real or personal property, or any right in any immoveable;
  - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
  - (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
  - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a

temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors' in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (f) to settle, extend or compromise any indebtedness owing to or by the Debtors;
- (g) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (h) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court;
- (i) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (j) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
  - i. without the approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
  - ii. with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, RSA 2000, c. P-7 or any other similar legislation in any other province or territory shall not be required.

- (k) to apply for any vesting order or other orders (including, without limitation, confidentiality or sealing orders) necessary to convey the Property or any part or parts thereof to a

purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (m) to register a copy of this Order and any other orders in respect of the Property against title to any of the Property, and when submitted by the Receiver for registration this Order shall be immediately registered by the Registrar of Land Titles of Alberta, or any other similar government authority, notwithstanding Section 191 of the *Land Titles Act*, RSA 2000, c. L-4, or the provisions of any other similar legislation in any other province or territory, and notwithstanding that the appeal period in respect of this Order has not elapsed and the Registrar of Land Titles shall accept all Affidavits of Corporate Signing Authority submitted by the Receiver in its capacity as Receiver of the Debtors and not in its personal capacity;
- (n) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (o) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any Property owned or leased by the Debtors;
- (p) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtors, and without interference from any other Person (as defined below).

#### **Duty to Provide Access and Co-operations to the Receiver**

- 4. (i) The Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on the Debtors' instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any

Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.

5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names, and account numbers that may be required to gain access to the information.

#### **No Proceedings Against the Receiver**

7. No proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **No Proceedings Against the Debtors or the Property**

8. No Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and



all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph; and (ii) affect a Regulatory Body's investigation in respect of the Debtors or an action, suit or proceeding that is taken in respect of the Debtors by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "**Regulatory Body**" means a person or body that has powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a Province.

### **No Exercise of Rights of Remedies**

9. All rights and remedies of any Person, whether judicial or extra-judicial, statutory or non-statutory (including, without limitation, set-off rights) against or in respect of the Debtors or the Receiver or affecting the Property are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided, however, that this stay and suspension does not apply in respect of any "eligible financial contract" (as defined in the BIA), and further provided that nothing in this Order shall:
  - (a) empower the Debtors to carry on any business that the Debtors are not lawfully entitled to carry on;
  - (b) prevent the filing of any registration to preserve or perfect a security interest;
  - (c) prevent the registration of a claim for lien; or
  - (d) exempt the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment.
10. Nothing in this Order shall prevent any party from taking an action against the Debtors where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Receiver at the first available opportunity.

### **No Interference with the Receiver**

11. No Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, except with the written consent of the Receiver, or leave of this

Court. Nothing in this Order shall prohibit any party to an eligible financial contract (as defined in the BIA) from closing out and terminating such contract in accordance with its terms.

### **Continuation of Services**

12. All persons having:

- (a) statutory or regulatory mandates for the supply of goods and/or services; or
- (b) oral or written agreements or arrangements with the Debtors, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Debtors,

are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Debtors or exercising any other remedy provided under such agreements or arrangements. The Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Debtors in accordance with the payment practices of the Debtors, or such other practices as may be agreed upon by the supplier or service provider and each of the Debtors and the Receiver, or as may be ordered by this Court.

### **Receiver to Hold Funds**

13. Subject to para 27, all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

### **Employees**

14. Subject to employees' rights to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in

respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, SC 2005, c.47 ("**WEPPA**").

15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, SC 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### **Limitations on Environmental Liabilities**

16. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- i. before the Receiver's appointment; or
  - ii. after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- i. if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause ii below, the Receiver:

- A. complies with the order, or
- B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- ii. during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by:
  - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
  - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- iii. if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

#### **Limitation on the Receiver's Liability**

- 17. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

#### **Receiver's Accounts**

- 18. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to the benefits of and are hereby granted a charge (the "**Receiver's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$150,000 as security for their professional fees and disbursements incurred at the normal rates and charges of the Receiver and such counsel, both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.
- 19. The Receiver and its legal counsel shall pass their accounts from time to time.

20. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

### **Funding of the Receivership**

21. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000 (or such greater amount as this Court may by further order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, deemed trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) and 88 of the BIA.
22. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
23. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "B" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.
24. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.
25. The Receiver shall be authorized to repay any amounts borrowed by way of Receiver's Certificates out of the Property or any proceeds, including any proceeds from the sale of any assets without further approval of this Court.

### **Allocation**

26. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

## **Cash Management System**

27. The Receiver shall have the authority, but not the obligation, to continue to operate the Debtors' existing Cash Management System and to utilize each of the Debtors existing bank accounts.

## **General**

28. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
29. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Receiver's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
30. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
31. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction to give effect to this Order and to 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, to grant representative status to the Receiver in any foreign proceeding, or to assist the Receiver and its agents in carrying out the terms of this Order.
32. The Receiver shall be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
33. The Agent, for and on behalf of the Lender, shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Agent's security or, if not so provided by the Agent's security, then on a substantial indemnity basis, including legal costs on a solicitor-client full indemnity basis, to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
34. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

## Filing

35. This Order is issued and shall be filed in Court of King's Bench Action No. 2203- 13913.
36. The Receiver shall establish and maintain a website in respect of these proceedings at <https://www.ksvadvisory.com/experience/case/genesis-and-fusion> (the "**Receiver's Website**") and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publicly available; and
  - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
37. 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 or otherwise served with notice of 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,
- and service on any other person is hereby dispensed with.
38. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.



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The Honourable Justice C.C.J. Feasby

## SCHEDULE "A"

The form of Consent Receivership Order filed by Sequent AI Ltd. in connection with its application seeking the appointment of a receiver over the Property (as defined in the Consent Receivership Order) of Genesis Integration Inc. ("**Genesis**") and Fusion Cine Sales & Rentals Inc. ("**Fusion**"), is consented to by Genesis and Fusion as filed and on such terms or modifications as the Court of King's Bench of Alberta deems just or convenient.

CONSENTED TO THIS 18<sup>th</sup> day of October  
2023, at 8:12 A.M., MT.

**GENESIS INTEGRATION INC.**

By:

Name: Giuseppe Clementi

Title: Director

I have the authority to bind the corporation.

CONSENTED TO THIS 18<sup>th</sup> day of October  
2023, at 8:13 A.M., MT.

**FUSION CINE SALES & RENTALS INC**

By:

Name: Giuseppe Clementi

Title: Director

I have the authority to bind the corporation.



## SCHEDULE "B"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that KSV Restructuring Inc., the receiver and manager (the "**Receiver**") of all of the assets, undertakings and properties of Genesis Integration Inc. and Fusion Cine Sales & Rentals Inc., appointed by Order of the Court of King's Bench of Alberta (the "**Court**") dated the \_\_\_\_\_ day of \_\_\_\_\_, 2023 (the "**Order**") made in action number 2203-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \_\_\_\_\_ being part of the total principal sum of \_\_\_\_\_ that the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded daily after the date hereof at a notional rate per annum equal to the rate of [•] per cent above the prime commercial lending rate of [•] from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property (as defined in the Order), in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at: [•]
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 2023.

KSV Restructuring Inc. solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity.

Per: \_\_\_\_\_

Name:

Title:

## **Appendix “B”**

**Genesis Integration Inc. & Fusion Cine Sales & Rentals Inc.**

Interim Statement of Receipts and Disbursements

For the Period Ending August 2, 2024

(\$; unaudited)

<b>Description</b>	<b>Amount</b>
<b><i>Receipts</i></b>	
Accounts Receivable Collections	479,448
Auction Proceeds	360,517
Funding from Sequent AI Ltd.	105,223
Beginning Cash in Bank	102,548
Miscellaneous Refunds and Interest	14,651
	<u>1,062,387</u>
<b><i>Disbursements</i></b>	
Payroll	225,269
Receiver Fees	183,454
Repayment of Receivership Advances from Sequent	124,459
CRA Deemed Trust Claim	101,713
Subcontracting	56,034
Rent	52,246
Sales taxes	38,931
Legal fees	31,598
IT Administration	30,000
Miscellaneous expenses	11,305
	<u>855,009</u>
<b>Balance in Receivership Account</b>	<b><u><u>207,378</u></u></b>

## **Appendix “C”**

**Genesis Integration Inc. & Fusion Cine Sales & Rentals Inc.**  
**Summary of Professional Fees**

Invoice Date	Period Ended	Fees	Disbursements	Taxes	Total
<b><u>KSV Restructuring Inc.</u></b>					
December 12, 2023	November, 2023	90,811.00	1,674.25	12,023.08	104,508.33
January 16, 2024	December 31, 2023	16,109.50	1.30	2,094.40	18,205.20
February 8, 2024	January 31, 2024	9,474.50	1,939.75	1,483.85	12,898.10
March 7, 2024	February 28, 2024	11,218.75	-	1,458.44	12,677.19
April 5, 2024	March 31, 2024	19,437.50	147.97	2,546.11	22,131.58
May 10, 2024	April 30, 2024	12,639.50	-	1,643.14	14,282.64
June 6, 2024	May 31, 2024	12,576.75	-	1,634.98	14,211.73
July 8, 2024	June 30, 2024	11,186.87	-	1,454.41	12,641.28
Total		183,454.37	3,763.27	24,338.41	211,556.05
<b><u>McMillan LLP</u></b>					
November 22, 2023	October 31, 2023	2,827.50	-	141.38	2,968.88
December 13, 2023	November 30, 2023	13,333.50	61.19	669.73	14,064.42
December 31, 2023	December 31, 2023	217.50	183.34	15.54	416.38
April 10, 2024	March 31, 2024	6,466.00	54.00	323.90	6,843.90
May 9, 2024	April 30, 2024	5,668.50	765.00	316.76	6,750.26
June 12, 2024	May 31, 2024	1,276.00	-	63.80	1,339.80
July 11, 2024	June 30, 2024	1,809.00	86.00	93.32	1,988.32
Total		31,598.00	1,149.53	1,624.43	34,371.96