

COURT FILE NUMBER 2201-10223

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT CORTLAND CREDIT LENDING CORPORATION

RESPONDENT 965591 ALBERTA LTD.

DOCUMENT **APPLICATION (APPROVAL OF RECEIVER'S FEES AND DISBURSEMENTS, APPROVAL OF RECEIVER'S ACTIVITIES, APPROVAL OF RESIDUAL CO. ASSIGNMENT AND DISCHARGE OF RECEIVER)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION
OF PARTY FILING THIS
DOCUMENT

McMILLAN LLP
1700, 421 – 7th Avenue SW
Calgary, AB T2P 4K9

Attention: Adam C. Maerov/Preet Saini
Email: adam.maerov@mcmillan.ca/preet.saini@mcmillan.ca
Phone: 403.531.4700
Fax: 403.531.4720
File No. 281224

NOTICE TO RESPONDENT(S):

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

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

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

DATE: SEPTEMBER 29, 2022
TIME: 10:00 AM
WHERE: CALGARY COURTS CENTRE VIA WEBEX
BEFORE WHOM: THE HONOURABLE JUSTICE D.B. NIXON

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

Relief Sought:

1. KSV Restructuring Inc. in its capacity as receiver ("**Receiver**") of 965591 Alberta Ltd. (the "**Debtor**") seeks an Order, substantially in the form attached herein as Schedule "A":
 - (a) abridging, if necessary, the time for service of this application and deeming service good and sufficient;

- (b) approving the estimated fees and disbursements of the Receiver and its legal counsel from September 1, 2022 to the completion of these receivership proceedings, as set out in the First Report dated September 22, 2022 (“**First Report**”) and described below;
- (c) approving the actions, activities and conduct of the Receiver in the within proceedings as set out in the First Report;
- (d) discharging the Receiver as the court-appointed receiver of the assets, undertakings and properties of the Debtor;
- (e) declaring that the Receiver has satisfied its obligations under and pursuant to the Orders granted in the within proceedings on September 13, 2022 up to and including the date hereof;
- (f) declaring that 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 fraud, gross negligence or willful misconduct on the part of the Receiver, or with leave of the Court;
- (g) authorizing Residual Co. (as defined below) to make a voluntary assignment for the general benefit of its creditors to complete the administration of its estate; and
- (h) such further and other relief as counsel may advise and this Honourable Court deems just.

Grounds for making this application:

History

2. Pursuant to an application by Cortland Credit Lending Corporation, in its capacity as collateral and administrative agent and being the principal secured creditor of the Debtor and its wholly-owned subsidiary, Genesis Integration Inc. (“**Genesis**”, and together with the Debtor, the “**Companies**”), this Court issued a Receivership Order on September 13, 2022 (the “**Receivership Order**”) placing the Companies in receivership (the “**Receivership Proceedings**”) and appointing KSV Restructuring Inc. as the receiver (the “**Receiver**”) of all of the Companies’ current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof.
3. The primary purpose of the Receivership Proceedings was to complete a going-concern transaction (the “**Transaction**”) between the Receiver, as vendor, and Sequent AI Exchangeco Limited or its designee (the “**Purchaser**”), as purchaser, for all of the issued and outstanding shares of Genesis pursuant to a Share Purchase Agreement dated as of July 25, 2022 (the “**SPA**”).

4. The Transaction was approved by the Court pursuant to an order dated September 13, 2022 (the “**Approval and Reverse Vesting Order**”) and closed on September 15, 2022 upon delivery of the Receiver’s Certificate confirming the closing of the Transaction.
5. The Transaction was structured as a share purchase agreement to be consummated by the Receiver by way of the Approval and Reverse Vesting Order, which provides for the vesting of any excluded liabilities from Genesis in 2453115 Alberta Ltd., a corporation recently incorporated as a wholly-owned subsidiary of the Debtor (“**Residual Co.**”).
6. The Approval and Reverse Vesting Order contemplated that upon delivery of the Receiver’s Certificate confirming the closing of the Transaction, Genesis would cease to be a respondent in the Receivership Proceedings and would be released from the scope and effect of the Receivership Order and all other orders of the Court granted in the Receivership Proceedings.
7. The Receiver delivered the Receiver’s Certificate on September 15, 2022, thereby terminating the Receivership Proceedings as against Genesis and the style of cause of the Receivership Proceedings was amended to delete Genesis as a respondent.
8. The Debtor is an entity ultimately owned and controlled by Fulcrum AV Integration Partners Ltd. and does not carry on any active business operations of its own. Prior to the closing of the Transaction, the Debtor was the sole shareholder of Genesis.
9. Genesis, headquartered in Edmonton, Alberta, is in the business of designing and integrating audiovisual collaboration systems for both public sector and corporate clients. Fusion Cine Sales & Rental Inc. (“**Fusion**”), a wholly owned subsidiary of Genesis, is headquartered in Vancouver, British Columbia, and provides sales, rentals and servicing of audio, video, photography and lighting equipment to Canadian broadcast companies, film production companies and digital content creators.
10. At the commencement of the within receivership proceedings, Genesis and Fusion had 69 and 21 employees, respectively. The Genesis and Fusion workforces were not unionized and neither Genesis nor Fusion maintained any registered pension plans.
11. Genesis and Fusion are now directly and indirectly owned and controlled by the Purchaser pursuant to the Transaction. Accordingly, the Debtor no longer has any interest in any active operating entities, nor does it have any other known assets of any significance.
12. Notwithstanding that Genesis ceased to be a respondent in the Receivership Proceedings upon closing of the Transaction, Paragraph 8 of the Approval and Reverse Vesting Order provides that the Receiver shall be authorized to take all steps necessary to uphold any

obligations arising from the *Wage Earner Protection Program Act*, SC 2005, c 47 ("WEPPA") in respect of the 15 Genesis employees that were terminated on September 14, 2022 (i.e. immediately prior to the closing of the Transaction). In this regard, the Receiver is working with Genesis' management to administer the WEPPA claims process and will continue to do so following the granting of the relief sought herein until its obligations under WEPPA have been completed.

Actions, Activities and Conduct of the Receiver

13. The actions, activities and conduct of the Receiver are set out in the First Report and included its involvement with the closing of the Transaction.
14. The Receiver submits that its actions, activities and conduct were appropriate and should be approved by this Honourable Court.

Approval of Professional Fees and Expenses

15. On September 13, 2022, the Court approved the professional fees and disbursements of the Receiver and its legal counsel for the period ended August 31, 2022. At this time, the Receiver respectfully seeks approval from this Honourable Court of the forecast professional fees and disbursements of the Receiver and its legal counsel to the completion of the Receivership Proceedings, in the amount of \$50,000.
16. The Receiver's legal counsel, McMillan LLP, inadvertently did not include all of its time for the period ended August 31, 2022, when approval of its fees and disbursements were granted by this Court on September 13, 2022. The actual fees and disbursements were \$5,334.30 more than what was referenced in the Pre-Appointment Report of the Receiver dated September 2, 2022.
17. The Receiver respectfully submits that its forecast professional fees and disbursements and those of its legal counsel are fair and reasonable in the circumstances.

Bankruptcy of Residual Co.

18. The Receiver seeks that Residual Co. be authorized to make a voluntary assignment for the general benefit of its creditors to complete the administration of its estate. Residual Co. has no assets and has assumed the excluded liabilities of Genesis pursuant to the Transaction.

Discharge of Receiver

19. Since its appointment, the Receiver has performed its mandate as Receiver under the Receivership Order.
20. The administration of the Receivership Proceedings is substantially complete, and it is appropriate to terminate the Receivership Proceedings and discharge the Receiver in the circumstances.

21. The Receiver has acted diligently since its appointment and has undertaken those activities described further in the First Report, which actions are lawful, proper and consistent with the Receiver's powers and duties under the Receivership Order.

Material or Evidence To Be Relied Upon:

- (a) The First Report of the Receiver, dated September 22, 2022;
- (b) The Pre-Appointment Report of the Receiver, dated September 2, 2022;
- (c) The inherent jurisdiction of this Honourable Court; and
- (d) Such further and other material as counsel may advise and this Honourable Court may permit.

Applicable Rules:

- (e) Rules 6.9, 11.27, and 13.5 of the Alberta Rules of Court.

Applicable Acts and Regulations:

- (f) The *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended; and
- (g) The *Judicature Act*, R.S.A. 2000, c. J-2, as amended, and particularly s. 13(2) thereof.

How the Application is Proposed to be Heard or Considered:

- (h) In Chambers.

WARNING TO THE RESPONDENT(S):

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

Schedule “A”

COURT FILE NUMBER 2201-10223
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT CORTLAND CREDIT LENDING CORPORATION
RESPONDENTS 965591 ALBERTA LTD.
DOCUMENT **ORDER FOR APPROVAL OF RECEIVER'S FEES AND
DISBURSEMENTS, APPROVAL OF RECEIVER'S
ACTIVITIES, APPROVAL OF RESIDUAL CO.
ASSIGNMENT AND DISCHARGE OF RECEIVER**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION
OF PARTY FILING THIS
DOCUMENT

McMILLAN LLP
1700, 421 – 7th Avenue SW
Calgary, AB T2P 4K9

Attention: Adam C. Maerov/Preet Saini
Email: adam.maerov@mcmillan.ca/preet.saini@mcmillan.ca
Phone: 403.531.4700
Fax: 403.531.4720
File No. 281224

DATE ON WHICH ORDER WAS PRONOUNCED: September 29, 2022
NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Justice D.B. Nixon
LOCATION OF HEARING: Calgary, Alberta

UPON the application of KSV Restructuring Inc., in its capacity as the Court-appointed receiver (the “**Receiver**”) of all the current and future assets, undertakings, properties of 965591 Alberta Ltd. (the “**Debtor**”) for an Order for the approval of the Receiver's estimated fees and disbursements, approval of the Receiver's legal counsel's fees and disbursements, approval of the Receiver's activities and discharge of the Receiver; **AND UPON** having read the Pre-Appointment Report of the proposed Receiver dated September 2, 2022 and the Receiver's First Report dated September 22, 2022 (the “**First Report**”); **AND UPON HEARING** the submissions of counsel for the Receiver and from counsel for any other interested parties in attendance; **AND UPON** being satisfied that it is appropriate to do so, **IT IS HEREBY ORDERED AND DECLARED THAT:**

SERVICE

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.

APPROVAL OF ACCOUNTS

2. The estimated fees and disbursements of the Receiver and its legal counsel from September 1, 2022 to the completion of these receivership proceedings, as set out in the First Report, are hereby approved without the necessity of a formal passing or assessment of accounts.

APPROVAL OF RECEIVER'S ACTIONS

3. The Receiver's activities as set out in the First Report are hereby ratified and approved.

DISCHARGE OF RECEIVER

4. 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.
5. 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.
6. The Receiver is hereby discharged as Receiver of the assets, undertaking and property of the Debtor, provided 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 herein; 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.

RESIDUAL CO. BANKRUPTCY

7. Residual Co. (as defined in the First Report) may make a voluntary assignment for the general benefit of its creditors to complete the administration of its estate.

GENERAL

8. 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.
9. 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