Court File No. BK-26-03364251-0032

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
NATIONAL TRAFFIC SAFETY MANAGEMENT INC.

FACTUM OF NATIONAL TRAFFIC SAFETY MANAGEMENT INC.

(Returnable November 2, 2026)

November 1, 2026

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TO: **THE SERVICE LIST**

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IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NATIONAL TRAFFIC SAFETY MANAGEMENT INC.

FACTUM OF NATIONAL TRAFFIC SAFETY MANAGEMENT INC.

PART I – NATURE OF THE RELIEF SOUGHT

1. This factum is filed by National Traffic Safety Management Inc. (the "**Company**") in opposition to the following motions:

   (a) The motion of the Proposal Trustee for an order, *inter alia*, approving the sale of substantially all the Company's assets, property and undertakings to Ramudden Global (Canada) Inc. ("**Ramudden**") on the terms and conditions set out in an Asset Purchase Agreement dated October 21, 2026 (the "**Ramudden APA**"); and

   (b) The motion of Oxygen Working Capital Corp. ("**Oxygen**") for an order, if necessary, appointing TDB Restructuring Limited ("**TDB**"), as receiver (in such capacity, the "**Receiver**"), without security, of certain assets of the Company for the limited and sole purpose of entering into and completing the Ramudden APA.

2. All capitalized terms used herein but not otherwise defined have the meanings ascribed to them in the October 26 Affidavit, and all monetary amounts referred to herein are in Canadian currency unless otherwise stated.

PART II – FACTS

OVERVIEW OF THE COMPANY AND BUSINESS

1. The Company is in the business of providing end-to-end traffic management solutions, including solutions to ensure construction and infrastructure workers are safe at job sites. Antonio Bruno ("**Bruno**") has been the Company's sole officer and director since April 13, 2026.[1]

2. The Company currently employs approximately 67 unionized and non-unionized employees. Its unionized employees belong to the Labourers' International Union of North America, Ontario Provincial District Council, Locals 183, 506 and 837 (collectively, the "**Union**").[2]

THE NOI PROCEEDINGS AND BRUNO'S INVOLVEMENT

3. An initial Notice of Intention to Make a Proposal was filed by the Company on April 5, 2024 and an amended proposal was subsequently accepted by the creditors and approved by Justice Kimmel of the Ontario Superior Court of Justice (Commercial List) on February 20, 2025 (the "**Initial Proposal**").[3]

4. Under the Initial Proposal: (i) J9 Investments Ltd. ("**J9**") and Royal Bank of Canada ("**RBC**") retained their security against the property of the Company; and (ii) certain creditors converted their debt to equity, while the claims of other creditors were compromised.[4]

5. Following approval of the Initial Proposal, Oxygen advanced funds and extended credit to the Company pursuant to a loan agreement dated April 28, 2025 and an accounts receivable factoring agreement to refinance certain existing secured indebtedness and fund the Company's

[1] Motion Record dated October 29, 2026, Tab 2, Affidavit of Antonio Bruno sworn October 26, 2026 (the "**October 26 Affidavit**"), paras. 1 and 3.
[2] October 26 Affidavit, para. 3.
[3] October 26 Affidavit, para. 4.
[4] October 26 Affidavit, para. 5.

ongoing working capital requirements. In connection with the financing, J9 and RBC subordinated their security against the Company in favour of Oxygen.[5]

6. The Company subsequently defaulted in the payment of post-proposal pension, vacation pay and HST remittances.[6]

7. Bruno's involvement with the Company arose from discussions initiated by Union representatives concerned about the Company's financial condition and the potential loss of employment.[7]

8. Bruno was clear that while willing to assist, his involvement with the Company, which would require a substantial investment of his time and energy, was with the intention of acquiring ownership of the business and undertaking its restructuring.[8]

9. In early April 2026, management advised Bruno that the Company was running out of money, there was no more money available to advance to the Company and that they intended to shut down the Company's operations.[9]

10. In response, Bruno proposed that management relinquish operational control of the Company.[10] Certain shareholders of the Company and Bruno's company, A2 Environmental Group Inc. ("**A2**") entered into a Letter of Intent dated April 12, 2026, pursuant to which A2 agreed to purchase the shares of the Company.[11]

[5] October 26 Affidavit, para. 6.
[6] October 26 Affidavit, para. 7.
[7] October 26 Affidavit, para. 8.
[8] October 26 Affidavit, para. 11.
[9] October 26 Affidavit, para. 13.
[10] October 26 Affidavit, para. 14.
[11] October 26 Affidavit, para. 15.

11. In anticipation of that transaction, Michael Spencley resigned as the Company's sole officer and director and Bruno replaced him on April 13, 2026. The share transaction did not proceed after certain shareholders disputed that they had agreed to transfer all their shares. Despite the termination of the share transaction, the shareholders did not seek to replace Bruno as an officer and director of the Company.[12]

12. Prior to Bruno's appointment as the sole director and officer of the Company, the Company defaulted in its payment obligations under the Initial Proposal, including to Emkay Canada Leasing Corp. ("**Emkay**"), the lessor of vehicles used by the Company and without which the Company could not continue to operate its business. Emkay threatened to repossess its vehicles due to payment defaults.[13]

13. On April 24, 2026 (the "**Filing Date**"), the Company filed a second notice of intention to make a proposal to preserve its going-concern operations. TDB Restructuring Limited ("**TDB**") is the proposal trustee in these proceedings (the "**Proposal Trustee**").[14]

RESTRUCTURING OF THE COMPANY'S BUSINESS

14. Since Bruno's involvement, the Company has implemented approximately $555,000 in annualized net cost savings, strengthened labour and fleet management, and rehabilitated vehicles to increase fleet availability and employment opportunities. The Company's gross revenue for the current fiscal year is expected to exceed last year's gross revenue by approximately 15%.[15]

15. According to Bruno, A2 has advanced at least $180,000 for working capital.[16] Without these restructuring steps and advances, the Company would not have been able to continue operating

[12] October 26 Affidavit, paras. 17-18.
[13] October 26 Affidavit, para. 19.
[14] October 26 Affidavit, para. 20.
[15] October 26 Affidavit, paras. 21–23.
[16] October 26 Affidavit, para. 24.

and would have become bankrupt to the material detriment of its secured creditors, employees, customers and other stakeholders.[17]

16. Oxygen and the Company entered into a forbearance agreement dated June 12, 2026, subsequently amended and extended (the "**Forbearance Agreement**"), under which Oxygen continued to factor accounts receivable. Pursuant to the Forbearance Agreement, the Company agreed to allow Oxygen to apply any rebates on factored accounts receivable to pay down Oxygen's term loan.[18] Since the commencement of these proceedings, Oxygen's term loan had a principal amount owing of $800,000, plus accrued interest. As of October 30, 2026, the principal amount under the term loan has been reduced to $589,382.21, plus accrued interest and legal costs.[19]

17. Oxygen would not agree to have its security primed, except to the limited extent of an administration charge in the amount of $50,000, which was subsequently increased to $80,000. In the absence of the ability to obtain a priming DIP Charge, the Company was unable to secure DIP financing. Without DIP financing, the Company used post-filing amounts owing to Canada Revenue Agency ("**CRA**") and pension remittances to fund working capital with the intention that all such amounts would be paid on closing of Bruno's purchase of the Company's business and assets. The Company made full disclosure of this in its previous motion materials which were served on CRA and the Union.[20]

18. On July 29, 2026, the Company entered into Minutes of Settlement with its largest Union local, Local 837, pursuant to which the Company agreed to a payment plan for the post-filing

[17] October 26 Affidavit, para. 25.
[18] October 26 Affidavit, paras. 26-27.
[19] Affidavit of John Levac sworn October 30, 2026, Motion Record of Oxygen Working Capital Corp. dated October 30, 2026, paras. 9 and 16.
[20] October 26 Affidavit, para. 28.

pension remittance arrears that had accumulated. Until recently, the Company had made the payments in accordance with the payment plan.[21]

19. On or about September 30, 2026, A2 and Emkay reached an agreement on the amount to be paid by A2 for the purchase of the leased vehicles.

THE A2 OFFER AND THE COMPETING RAMUDDEN OFFER

20. Bruno retained Altitude Capital Partners ("**Altitude**") to arrange financing for A2's purchase of the business. On September 4, 2026, COR Financial Corp. ("**COR**") issued a commitment letter to advance $2.1 million to A2 to finance an acquisition of the Company's business and assets. The Company prepared a stalking horse purchase and sale agreement that included a break fee intended to reimburse A2's working capital advances if another bidder succeeded.[22]

21. The Proposal Trustee was not prepared to support the proposed stalking horse process because, among other things, there was insufficient time to properly expose the business for sale and the Proposal Trustee opposed the break fee. As a result, the Company discussed with the Proposal Trustee having A2's offer submitted for Court-approval without a sale process. An amended offer dated October 2, 2026 was provided to the Proposal Trustee with the stalking horse provisions removed.[23]

22. A2's offer reflected discussions with the Union to pay post-filing pension remittance arrears in full in cash on closing and to assume payment of pre-filing vacation pay and pension arrears. It also included the assumption of post-filing HST arrears and for payment of the agreed amount with Emkay to purchase its leased vehicles.[24]

[21] October 26 Affidavit, para. 29.
[22] October 26 Affidavit, paras. 30–31.
[23] October 26 Affidavit, para. 31.
[24] October 26 Affidavit, para. 32.

23. The purchase price components were disclosed to the Court and service list in connection with the October 5, 2026 attendance as it was not expected that there would be another party interested in buying the business at the price A2 had offered to pay.[25]

24. Prior to the October 5, 2026 motion, one or more additional parties had contacted the Proposal Trustee to express an interest in purchasing the Company's business and assets. As a result of these unsolicited expressions of interest, the Proposal Trustee was not prepared at that time to recommend A2's offer and wanted to provide those parties with the opportunity to conduct due diligence to see if a competing offer was available.[26] A motion was scheduled by Justice Kimmel for October 13, 2026, when the Company intended to seek approval of the APA with A2 and the proposed transaction contemplated thereby.

25. On October 13, 2026, the Company obtained an extension of time to file a proposal to October 26, 2026, at which point the six-month period to file a proposal would expire.[27] On all extension motions brought by the Company during these proceedings, the Court has found that the Company has acted and continues to act in good faith and with due diligence.

26. The Proposal Trustee required all parties wishing to make an offer to do so by 12:00 p.m. on Friday, October 16, 2026, which was subsequently extended to 5:00 p.m. on October 16, 2026. Following the offer deadline, the Proposal Trustee advised the offerors that there were competing bids and invited improved bids to be submitted on Monday, October 19, 2026, which did not provide A2 with sufficient time to engage in discussions with COR over the weekend to enable A2 to provide an improved offer.[28]

[25] October 26 Affidavit, para 33.
[26] October 26 Affidavit, para. 35.
[27] October 26 Affidavit, para. 36.
[28] October 26 Affidavit, paras. 36-38.

27. On Monday, October 19, 2026, the Proposal Trustee announced that it had received a binding Letter of Intent from Ramudden that it intended to recommend to the Court for approval.[29]

FINANCING OF THE PROPOSAL

28. The Proposal Trustee's motion to approve the Ramudden transaction was originally returnable on October 26, 2026 before Justice J. Dietrich and was opposed by the Company, on the basis, among other things, that the Company intended to make a proposal to its creditors and that the Proposal Trustee had no authority to seek approval of the Ramudden transaction.

29. On October 26, 2026, the Company filed a holding proposal to avoid an automatic bankruptcy and provide the Company additional time to make a proposal to its creditors.[30]

30. The Company has prepared an amended proposal (the "**Amended Proposal**") for the creditors to consider and vote on at a meeting of creditors to be held within 21 days of filing the holding proposal.[31]

31. The Amended Proposal provides for:[32]

(a) payment of the amounts owing to Oxygen;

(b) payment or assumption of the claims of the subordinate secured creditors, J9 and RBC;

(c) payment of the post-filing amounts owing to the Union;

[29] October 26 Affidavit, para. 38.
[30] October 26 Affidavit, paras. 41.
[31] October 26 Affidavit, para. 42.
[32] Motion Record dated October 29, 2026, Tab 2, Affidavit of Antonio Bruno sworn October 29, 2026 (the "**October 29 Affidavit**"), paras 12-13 and Exhibit B.

(d) payment of the pre-filing pension and vacation pay owing to the Union;

(e) payment to Emkay of the agreed amount to purchase the leased vehicles;

(f) payment or assumption of the amounts owing to CRA; and

(g) an amount to pay dividends to unsecured creditors which is otherwise unavailable under the Ramudden Transaction.

32. On October 29, 2026, the Company received an Employee Impact Statement expressing support for Bruno's continued stewardship of the Company and opposition to the Ramudden transaction.[33]

33. On October 30, 2026, the Company's counsel received further correspondence from Julia Kmetyk, an employee of the Company, describing intimidation tactics by a representative of Union Local 837. The email states that Ms. Kmetyk felt "bullied and harassed" and that the representative asked her to "make the letter disappear" using a tone and direction that was "intimidating, threatening and as an attempt to pressure [Ms. Kmetyk] into withdrawing [her] support".[34]

34. The Company received a further commitment letter from COR on October 26, 2026 to provide interim financing and to finance a proposal to the Company's creditors. On October 31, 2026, COR withdrew its financing offer following receipt of the Union's and Oxygen's responding materials.[35]

35. Altitude is seeking an alternative lender to fund the Company's proposal.[36]

[33] October 29 Affidavit, para. 28; Motion Record dated October 31, 2026, Tab 2, Affidavit of Antonio Bruno sworn October 31, 2026 (the "**October 31 Affidavit**"), paras. 11–12, Exhibit B.
[34] October 31 Affidavit, para 13 and Exhibit C.
[35] October 31 Affidavit, para. 20.
[36] October 31 Affidavit, paras. 20–21.

PART III – ISSUES

36. The issues to be determined on this motion are:

(a) Whether the Proposal Trustee has the authority to bring this motion to approve the Ramudden APA and complete the Ramudden transaction;

(b) If not, whether the Court should appoint TDB as receiver for the limited purpose of entering into and completing the Ramudden transaction as sought by Oxygen; and

(c) Whether the Court should instead allow the creditors to consider and vote on the Company's amended proposal.

PART IV – LAW AND ARGUMENT

A. SECTION 65.13 DOES NOT AUTHORIZE THE PROPOSAL TRUSTEE TO SELL THE COMPANY'S ASSETS

37. The proposal provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 as amended ("**BIA**") are intended to facilitate the reorganization of business entities which are insolvent but which generally are expected to be viable in an operational sense once the restructuring of the proposal takes place.[37] Where a debtor is unable to make a viable proposal to its creditors, court approval of a sale of assets outside of the ordinary course of business may be obtained.[38]

38. Pursuant to section 65.13(1) of the *Bankruptcy and Insolvency Act* ("**BIA**"):

> "An **insolvent person** in respect of whom a notice of intention is filed under section 50.4 or a proposal is filed under subsection 62(1) may not sell or otherwise dispose of assets outside the ordinary

[37] *Mernick, Re* (1994), 24 CBR 8 at para 5 (Ont Ct J Gen Div)
[38] *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended ("**BIA**"), s. 65.13.

course of business unless authorized to do so by a court."[39] (emphasis added)

39. Section 65.13(3) identifies the insolvent person as the applicant for that authorization:

"(3) An insolvent person who applies to the court for an authorization shall give notice of the application to the secured creditors who are likely to be affected by the proposed sale or disposition. [40]

40. The powers and responsibilities of a trustee appointed on the filing of a notice of intention to file a proposal are set out in sections 50 and 50.4 of the BIA, which assign to the proposal trustee monitoring and reporting duties.[41] Notably, these sections do not confer on the trustee an independent power to market or sell the debtor's assets outside the ordinary course of business. Any such authority would have to be obtained by an order of the Court, as is the practice, and does not arise merely from the trustee's appointment under the BIA.

41. A proposal trustee does not, merely by virtue of its appointment, have the right to take possession of the Debtor's property or change any aspect of the business or personal affairs of the Debtor.[42] Similarly, and contrary to the position of the Proposal Trustee on these motions, it has no authority to take steps to negotiate a sale of a proposal debtor's business, without an order of the Court.

B. APPOINTING TDB AS RECEIVER IS NOT JUST OR CONVENIENT

42. Pursuant to section 243 of the BIA and section 101 of the *Courts of Justice Act*, the Court has the power to appoint a receiver where it is "just or convenient" to do so.[43]

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[39] BIA, s. 65.13(1).
[40] BIA, s. 65.13(3)
[41] BIA, s. 50 and s. 50.4.
[42] *Saran (Re)*, 2018 ONSC 2998 at para 45
[43] BIA, ss. 243(1); *Courts of Justice Act*, R.S.O. 1990, c C.43, as amended, s. 101(1).

43. Oxygen bears the burden of establishing that appointing TDB as Receiver is just or convenient in the circumstances.

44. The Company submits that a court-appointed receivership is not just and convenient in the circumstances as:

(a) There is no clear evidence of a default under the Forbearance Agreement with Oxygen. The alleged defaults have not been particularized and are disputed by the Company. No failure to make payments required under that agreement has been established.[44]

(b) The outstanding amounts owing to the Union and the CRA were disclosed throughout the proceedings, and those creditors remained supportive until the offer from Ramudden was received.

(c) The Amended Proposal contemplates payment in full of Oxygen's claim, which is approximately $650,000, inclusive of interest and legal fees.

(d) There is no evidence that Ramudden, a business competitor of the Company, will withdraw its offer or interest in the Company if the Ramudden transaction does not close by the outside date of November 4, 2026.

45. No party has identified a case in which a proposal trustee was given the authority to sell the Company's business and assets without first obtaining approval from the court to conduct a marketing and sale process. The case cited in the Proposal Trustee's factum does not establish that a proposal trustee may, without such prior authorization, seek approval of a sale of the Company's business and assets outside of the ordinary course of business. In the Cranbrook case upon which

[44] October 31 Affidavit, para 16.

the Proposal Trustee case, the Court had already authorized the proposal trustee to conduct a SISP, and the trustee's subsequent sale approval motion was brought pursuant to that order.[45]

46. In *Bank of Nova Scotia v. Freure Village of Clair Creek*, in deciding whether or not to appoint a receiver a court must have regard to "the rights and interest of all parties in relation to" the property.[46] Appointing a receiver to complete the sale would deprive unsecured creditors of the opportunity to consider and vote on the Company's proposal which, unlike the Ramudden transaction, provides the unsecured creditors a recovery.

47. In *Hypnotic Clubs. Inc.* (Re), 2010 ONSC 2987, Justice Cumming found that:

> "…taking into account the **underlying policy of the *BIA* of letting creditors vote as they choose in respect of accepting or rejecting a proposal**… It is obvious that a deemed assignment into bankruptcy by s. 50.1 (8), consequential to no proposal having being made, will quite probably result in Ms. Telios and the other unsecured creditors not recovering anything at all. **However, that is a consequence that should be determined by the unsecured creditors through a vote upon a proposal without a prior disposition of Hypnotic's assets through the proposed Revised APA**."[47] (emphasis added)

C. A VIABLE AMENDED PROPOSAL SHOULD BE PUT TO CREDITORS

48. The purpose of the BIA proposal scheme is rehabilitation, not liquidation. Insolvent companies should have the chance to put forward their proposal.[48]

49. The Company has already filed a holding proposal and seeks an opportunity to present the Amended Proposal to its creditors. Sections 51 and 54 of the BIA provide the mechanism for creditor consideration and acceptance of a proposal.[49] The Company submits that this process

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[45] In the Matter of the Notice of Intention to Make a Proposal of Cranbrook Glen Enterprises Limited o/a Henry's, Order of Justice McEwen dated May 29, 2020 (Approval of SISP and NOI Extension), Court File No. 31-2642597
[46] *Bank of Nova Scotia v Freure Village of Clair Creek* (1996), [1996] OJ at para 10 (Ct J Gen Div)
[47] *Hypnotic Clubs Inc (Re)*, 2010 ONSC 2987 at paras 36-37
[48] *Mustang GP Ltd (Re)*, 2015 ONSC 6562 at para 41
[49] BIA, s. 51 and s. 54.

should be preserved where, as here, a proposal can proceed promptly without material prejudice to creditors.

50. The proposal contemplates payment in full of the secured creditors and a greater recovery for unsecured creditors than would be available in bankruptcy or under the Ramudden transaction.[50] On that basis, the Company submits that allowing creditors to consider and vote on the Amended Proposal would be appropriate and causes no material prejudice. The creditor should be allowed the opportunity to consider and vote on the Amended Proposal.

PART V – ORDER REQUESTED

51. For the above reasons, the Company requests that the Orders sought by the Proposal Trustee and Oxygen not be granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 1st day of November, 2026.

Per: _____

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[50] October 29 Affidavit, paras 12-13.

SCHEDULE "A"

AUTHORITIES

Tab	Title	Pinpoints
1	*Mernick, Re* (1994), 24 CBR 8 (Ont Ct J Gen Div)	5
2	*Saran (Re)*, 2018 ONSC 2998	45
3	In the Matter of the Notice of Intention to Make a Proposal of Cranbrook Glen Enterprises Limited o/a Henry's, Order of Justice McEwen dated May 29, 2020 (Approval of SISP and NOI Extension), Court File No. 31-2642597	
4	*Bank of Nova Scotia v Freure Village of Clair Creek* (1996), [1996] OJ (Ct J Gen Div)	10
5	*Hypnotic Clubs Inc (Re)*, 2010 ONSC 2987	36-37
6	*Mustang GP Ltd (Re)*, 2015 ONSC 6562	41

I certify that I am satisfied as to the authenticity of every authority.

Note: Under the Rules of Civil Procedure, an authority or other document or record that is published on a government website or otherwise by a government printer, in a scholarly journal or by a commercial publisher of research on the subject of the report is presumed to be authentic, absent evidence to the contrary (rule 4.06.1(2.2)).

Date November 1, 2026

Signature

SCHEDULE "B"

TEXT OF STATUTES, REGULATIONS & BY - LAWS

***Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended**

Who may make a proposal

50 (1) Subject to subsection (1.1), a proposal may be made by

(a) an insolvent person;

(b) a receiver, within the meaning of subsection 243(2), but only in relation to an insolvent person;

(c) a liquidator of an insolvent person's property;

(d) a bankrupt; and

(e) a trustee of the estate of a bankrupt.

Duties of trustee

(5) The trustee shall make or cause to be made such an appraisal and investigation of the affairs and property of the debtor as to enable the trustee to estimate with reasonable accuracy the financial situation of the debtor and the cause of the debtor's financial difficulties or insolvency and report the result thereof to the meeting of the creditors.

Trustee to file cash-flow statement

(6) The trustee shall, when filing a proposal under subsection 62(1) in respect of an insolvent person, file with the proposal

(a) a statement — or a revised cash-flow statement if a cash-flow statement had previously been filed under subsection 50.4(2) in respect of that insolvent person — (in this section referred to as a "cash-flow statement") indicating the projected cash-flow of the insolvent person on at least a monthly basis, prepared by the person making the proposal, reviewed for its reasonableness by the trustee and signed by the trustee and the person making the proposal;

(b) a report on the reasonableness of the cash-flow statement, in the prescribed form, prepared and signed by the trustee; and

(c) a report containing prescribed representations by the person making the proposal regarding the preparation of the cash-flow statement, in the prescribed form, prepared and signed by the person making the proposal.

Trustee to monitor and report

(10) Subject to any direction of the court under paragraph 47.1(2)(a), the trustee under a proposal in respect of an insolvent person shall, for the purpose of monitoring the insolvent person's business and financial affairs, have access to and examine the insolvent person's property, including his premises, books, records and other financial documents, to the extent necessary to adequately assess the insolvent person's business and financial affairs, from the filing of the

proposal until the proposal is approved by the court or the insolvent person becomes bankrupt, and shall

(a) file a report on the state of the insolvent person's business and financial affairs — containing the prescribed information, if any —

(i) with the official receiver without delay after ascertaining a material adverse change in the insolvent person's projected cash-flow or financial circumstances, and

(ii) with the court at any time that the court may order;

(a.1) send a report about the material adverse change to the creditors without delay after ascertaining the change; and

(b) send, in the prescribed manner, a report on the state of the insolvent person's business and financial affairs — containing the trustee's opinion as to the reasonableness of a decision, if any, to include in a proposal a provision that sections 95 to 101 do not apply in respect of the proposal and containing the prescribed information, if any — to the creditors and the official receiver at least 10 days before the day on which the meeting of creditors referred to in subsection 51(1) is to be held.

Notice of intention

50.4 (1) Before filing a copy of a proposal with a licensed trustee, an insolvent person may file a notice of intention, in the prescribed form, with the official receiver in the insolvent person's locality, stating

(a) the insolvent person's intention to make a proposal,

(b) the name and address of the licensed trustee who has consented, in writing, to act as the trustee under the proposal, and

(c) the names of the creditors with claims amounting to two hundred and fifty dollars or more and the amounts of their claims as known or shown by the debtor's books,

and attaching thereto a copy of the consent referred to in paragraph (b).

Certain things to be filed

(2) Within ten days after filing a notice of intention under subsection (1), the insolvent person shall file with the official receiver

(a) a statement (in this section referred to as a "cash-flow statement") indicating the projected cash-flow of the insolvent person on at least a monthly basis, prepared by the insolvent person, reviewed for its reasonableness by the trustee under the notice of intention and signed by the trustee and the insolvent person;

(b) a report on the reasonableness of the cash-flow statement, in the prescribed form, prepared and signed by the trustee; and

(c) a report containing prescribed representations by the insolvent person regarding the preparation of the cash-flow statement, in the prescribed form, prepared and signed by the insolvent person.

Creditors may obtain statement

(3) Subject to subsection (4), any creditor may obtain a copy of the cash-flow statement on request made to the trustee.

Exception

(4) The court may order that a cash-flow statement or any part thereof not be released to some or all of the creditors pursuant to subsection (3) where it is satisfied that

(a) such release would unduly prejudice the insolvent person; and
(b) non-release would not unduly prejudice the creditor or creditors in question.

Trustee protected

(5) If the trustee acts in good faith and takes reasonable care in reviewing the cash-flow statement, the trustee is not liable for loss or damage to any person resulting from that person's reliance on the cash-flow statement.

Trustee to notify creditors

(6) Within five days after the filing of a notice of intention under subsection (1), the trustee named in the notice shall send to every known creditor, in the prescribed manner, a copy of the notice including all of the information referred to in paragraphs (1)(a) to (c).

Trustee to monitor and report

(7) Subject to any direction of the court under paragraph 47.1(2)(a), the trustee under a notice of intention in respect of an insolvent person

(a) shall, for the purpose of monitoring the insolvent person's business and financial affairs, have access to and examine the insolvent person's property, including his premises, books, records and other financial documents, to the extent necessary to adequately assess the insolvent person's business and financial affairs, from the filing of the notice of intention until a proposal is filed or the insolvent person becomes bankrupt;
(b) shall file a report on the state of the insolvent person's business and financial affairs — containing the prescribed information, if any —
    (i) with the official receiver without delay after ascertaining a material adverse change in the insolvent person's projected cash-flow or financial circumstances, and
    (ii) with the court at or before the hearing by the court of any application under subsection (9) and at any other time that the court may order; and
(c) shall send a report about the material adverse change to the creditors without delay after ascertaining the change.

Where assignment deemed to have been made

(8) Where an insolvent person fails to comply with subsection (2), or where the trustee fails to file

a proposal with the official receiver under subsection 62(1) within a period of thirty days after the day the notice of intention was filed under subsection (1), or within any extension of that period granted under subsection (9),

> (a) the insolvent person is, on the expiration of that period or that extension, as the case may be, deemed to have thereupon made an assignment;
> (b) the trustee shall, without delay, file with the official receiver, in the prescribed form, a report of the deemed assignment;
> (b.1) the official receiver shall issue a certificate of assignment, in the prescribed form, which has the same effect for the purposes of this Act as an assignment filed under section 49; and
> (c) the trustee shall, within five days after the day the certificate mentioned in paragraph (b.1) is issued, send notice of the meeting of creditors under section 102, at which meeting the creditors may by ordinary resolution, notwithstanding section 14, affirm the appointment of the trustee or appoint another licensed trustee in lieu of that trustee.

Extension of time for filing proposal

(9) The insolvent person may, before the expiry of the 30-day period referred to in subsection (8) or of any extension granted under this subsection, apply to the court for an extension, or further extension, as the case may be, of that period, and the court, on notice to any interested persons that the court may direct, may grant the extensions, not exceeding 45 days for any individual extension and not exceeding in the aggregate five months after the expiry of the 30-day period referred to in subsection (8), if satisfied on each application that

> (a) the insolvent person has acted, and is acting, in good faith and with due diligence;
> (b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and
> (c) no creditor would be materially prejudiced if the extension being applied for were granted.

Court may not extend time

(10) Subsection 187(11) does not apply in respect of time limitations imposed by subsection (9).

Court may terminate period for making proposal

(11) The court may, on application by the trustee, the interim receiver, if any, appointed under section 47.1, or a creditor, declare terminated, before its actual expiration, the thirty day period mentioned in subsection (8) or any extension thereof granted under subsection (9) if the court is satisfied that

> (a) the insolvent person has not acted, or is not acting, in good faith and with due diligence,
> (b) the insolvent person will not likely be able to make a viable proposal before the expiration of the period in question,
> (c) the insolvent person will not likely be able to make a proposal, before the expiration of

the period in question, that will be accepted by the creditors, or

(d) the creditors as a whole would be materially prejudiced were the application under this subsection rejected,

and where the court declares the period in question terminated, paragraphs (8)(a) to (c) thereupon apply as if that period had expired.

Calling of meeting of creditors

51 (1) The trustee shall call a meeting of the creditors, to be held within twenty-one days after the filing of the proposal with the official receiver under subsection 62(1), by sending in the prescribed manner to every known creditor and to the official receiver, at least ten days before the meeting,

(a) a notice of the date, time and place of the meeting;

(b) a condensed statement of the assets and liabilities;

(c) a list of the creditors with claims amounting to two hundred and fifty dollars or more and the amounts of their claims as known or shown by the debtor's books;

(d) a copy of the proposal;

(e) the prescribed forms, in blank, of

(i) proof of claim,

(ii) in the case of a secured creditor to whom the proposal was made, proof of secured claim, and

(iii) proxy,

if not already sent; and

(f) a voting letter as prescribed.

Vote on proposal by creditors

54 (1) The creditors may, in accordance with this section, resolve to accept or may refuse the proposal as made or as altered at the meeting or any adjournment thereof.

Voting system

(2) For the purpose of subsection (1),

(a) the following creditors with proven claims are entitled to vote:

(i) all unsecured creditors, and

(ii) those secured creditors in respect of whose secured claims the proposal was made;

(b) the creditors shall vote by class, according to the class of their respective claims, and for that purpose

(i) all unsecured claims constitute one class, unless the proposal provides for more than one class of unsecured claim, and

(ii) the classes of secured claims shall be determined as provided by subsection 50(1.4);

(c) the votes of the secured creditors do not count for the purpose of this section, but are relevant only for the purpose of subsection 62(2); and

(d) the proposal is deemed to be accepted by the creditors if, and only if, all classes of unsecured creditors — other than, unless the court orders otherwise, a class of creditors having equity claims — vote for the acceptance of the proposal by a majority in number and two thirds in value of the unsecured creditors of each class present, personally or by proxy, at the meeting and voting on the resolution.

Certain Crown claims

(2.1) For greater certainty, subsection 224(1.2) of the Income Tax Act shall not be construed as classifying as secured claims, for the purpose of subsection (2), claims of Her Majesty in right of Canada or a province for amounts that could be subject to a demand under

(a) subsection 224(1.2) of the Income Tax Act;

(b) any provision of the Canada Pension Plan or of the Employment Insurance Act that refers to subsection 224(1.2) of the Income Tax Act and provides for the collection of a contribution, as defined in the Canada Pension Plan, an employee's premium, or employer's premium, as defined in the Employment Insurance Act, or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts; or

(c) any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the Income Tax Act, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum

(i) has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the Income Tax Act, or

(ii) is of the same nature as a contribution under the Canada Pension Plan if the province is a "province providing a comprehensive pension plan" as defined in subsection 3(1) of the Canada Pension Plan and the provincial legislation establishes a "provincial pension plan" as defined in that subsection.

Where no quorum in a class

(2.2) Where there is no quorum of secured creditors in respect of a particular class of secured claims, the secured creditors having claims of that class shall be deemed to have voted for the refusal of the proposal.

Related creditor

(3) A creditor who is related to the debtor may vote against but not for the acceptance of the proposal.

Voting by trustee

(4) The trustee, as a creditor, may not vote on the proposal.

Restriction on disposition of assets

65.13 (1) An insolvent person in respect of whom a notice of intention is filed under section 50.4 or a proposal is filed under subsection 62(1) may not sell or otherwise dispose of assets outside the ordinary course of business unless authorized to do so by a court. Despite any requirement for shareholder approval, including one under federal or provincial law, the court may authorize the sale or disposition even if shareholder approval was not obtained.

Individuals

(2) In the case of an individual who is carrying on a business, the court may authorize the sale or disposition only if the assets were acquired for or used in relation to the business.

Notice to secured creditors

(3) An insolvent person who applies to the court for an authorization shall give notice of the application to the secured creditors who are likely to be affected by the proposed sale or disposition.

Factors to be considered

(4) In deciding whether to grant the authorization, the court is to consider, among other things,

(a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
(b) whether the trustee approved the process leading to the proposed sale or disposition;
(c) whether the trustee filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
(d) the extent to which the creditors were consulted;
(e) the effects of the proposed sale or disposition on the creditors and other interested parties; and
(f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

Additional factors — related persons

(5) If the proposed sale or disposition is to a person who is related to the insolvent person, the court may, after considering the factors referred to in subsection (4), grant the authorization only if it is satisfied that

(a) good faith efforts were made to sell or otherwise dispose of the assets to persons who are not related to the insolvent person; and
(b) the consideration to be received is superior to the consideration that would be received under any other offer made in accordance with the process leading to the proposed sale or disposition.

Related persons

(6) For the purpose of subsection (5), a person who is related to the insolvent person includes

(a) a director or officer of the insolvent person;
(b) a person who has or has had, directly or indirectly, control in fact of the insolvent person; and
(c) a person who is related to a person described in paragraph (a) or (b).

Assets may be disposed of free and clear

(7) The court may authorize a sale or disposition free and clear of any security, charge or other restriction and, if it does, it shall also order that other assets of the insolvent person or the proceeds of the sale or disposition be subject to a security, charge or other restriction in favour of the creditor whose security, charge or other restriction is to be affected by the order.

Restriction — employers

(8) The court may grant the authorization only if the court is satisfied that the insolvent person can and will make the payments that would have been required under paragraphs 60(1.3)(a) and (1.5)(a) if the court had approved the proposal.

Restriction — intellectual property

(9) If, on the day on which a notice of intention is filed under section 50.4 or a copy of the proposal is filed under subsection 62(1), the insolvent person is a party to an agreement that grants to another party a right to use intellectual property that is included in a sale or disposition authorized under subsection (7), that sale or disposition does not affect the other party's right to use the intellectual property — including the other party's right to enforce an exclusive use — during the term of the agreement, including any period for which the other party extends the agreement as of right, as long as the other party continues to perform its obligations under the agreement in relation to the use of the intellectual property.

Court may appoint receiver

243 (1) Subject to subsection (1.1), on application by a secured creditor, a court may appoint a receiver to do any or all of the following if it considers it to be just or convenient to do so:

> (a) take possession of all or substantially all of the inventory, accounts receivable or other property of an insolvent person or bankrupt that was acquired for or used in relation to a business carried on by the insolvent person or bankrupt;
>
> (b) exercise any control that the court considers advisable over that property and over the insolvent person's or bankrupt's business; or
>
> (c) take any other action that the court considers advisable.

***Courts of Justice Act*, R.S.O. 1990, c C.43, as amended**

Injunctions and receivers

101 (1) In the Superior Court of Justice, an interlocutory injunction or mandatory order may be granted or a receiver or receiver and manager may be appointed by an interlocutory order, where it appears to a judge of the court to be just or convenient to do so. R.S.O. 1990, c. C.43, s. 101 (1); 1994, c. 12, s. 40; 1996, c. 25, s. 9 (17)

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NATIONAL TRAFFIC SAFETY MANAGEMENT INC.

Court File No. BK-26-03364251-0032

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

FACTUM OF NATIONAL TRAFFIC SAFETY MANAGEMENT INC.
(Returnable November 2, 2026)

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