



**Estate No.: 31-3064916**

**TDB Restructuring Limited**  
Licensed Insolvency Trustee

11 King St. W, Suite 700  
Toronto, ON M5H 4C7

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416-575-4440  
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**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.**

**OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

**FIRST REPORT OF TDB RESTRUCTURING LIMITED**  
**AS PROPOSAL TRUSTEE OF**  
**NATIONAL TRAFFIC SAFETY MANAGEMENT INC.**

**April 11, 2024**

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## 1.0 INTRODUCTION

1. This report is being submitted by TDB Restructuring Limited in its capacity as proposal trustee (the “**Proposal Trustee**”) of National Traffic Safety Management Inc. (“**NTSM**” or the “**Company**”) in connection with Notice of Intention to Make a Proposal (the “**NOI**”) filed by NTSM on April 5, 2024, pursuant to Section 50.4(1) of the *Bankruptcy and Insolvency Act*. A copy of the certificate of filing issued by the Office of the Superintendent of Bankruptcy is attached as **Appendix “A”** to this report.
2. The NOI was filed by the Company to create a stabilized environment for NTSM to continue to operate in the ordinary course, while allowing the Company the opportunity to restructure its financial affairs.

### 1.1 Purpose of the First Report to Court

3. The purpose of this report (the “**First Report**”) is to provide the Court with information and, where applicable, the Proposal Trustee’s views on:
  - a) the Company’s cash flow forecast for the period April 8, 2024, to July 5, 2024 (the “**Cash Flow Forecast**”); and
  - b) the relief sought by the Company, namely an interim debtor-in-possession financing facility (the “**Interim DIP Loan**”) in the amount of \$150,000 (the “**Interim DIP Charge**”) to provide working capital for the Company to address its immediate obligations pending approval of another, long-term DIP facility.
4. The Certificate of Filing, together with Court documents related to the NOI proceeding, has been posted on the Proposal Trustee’s website, which can be found at <https://tdbadvisory.ca/insolvency-case/NTSM/>

## **1.2 Terms of Reference**

5. In preparing this First Court Report and making the comments herein, the Proposal Trustee has relied upon information from third-party sources (collectively, the “**Information**”). Certain of the information contained in the First Court Report may refer to, or is based on, the Information. As the Information has been provided by other parties or obtained from documents filed with the Court in this matter, the Proposal Trustee has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Proposal Trustee has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance in respect of the Information.
6. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

## **2.0 BACKGROUND**

7. The details of NTSM’s background the events leading up to the filing of the NOI can be found in the Affidavit of Michael Spencley sworn April 11, 2024 (the “**Spencley Affidavit**”), which is included in the Company’s motion materials.

### **2.1 Secured Creditors**

8. A search of the Personal Property Security Registration System in Ontario (“**PPRS**”) as of March 31, 2024, shows that there are registrations against the Company as follows:
  - a) Neli Financial Incorporated registered a financing statement on June 22, 2018, listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included” in respect of certain vehicles and freightliners. The

amount owing to Neli Financial Incorporated in connection with this registration has been paid off in full;

- b) Mercedes-Benz Financial Services Canada Corporation registered a financing statement of July 5, 2019, listing collateral classified as “equipment”, “other” and “motor vehicle included” in respect of certain motor vehicles and equipment;
- c) J9 Investments Ltd. registered a financing statement on July 23, 2020, listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included”. J9 Investments Ltd. is owed \$807,000;
- d) Royal Bank of Canada registered a financing statement on May 6, 2021, listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included”. Royal Bank is owed \$199,000 in respect of a Highly Affected Sectors Credit Availability Program (“HASCAP”) loan;
- e) 1555207 Ontario Inc. registered a financing statement on February 7, 2022, listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included” The amount owed to 1555207 Ontario Inc. is \$335,000; and
- f) Betty Copeland registered a financing statement on April 17, 2023 listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included”. The amount owed to Betty Copeland pursuant to this registration is \$200,000. Ms. Copeland is also owed approximately \$77,000 in unsecured debt.

A copy of the PPRS search results is attached to the Spencley Affidavit.

### **3.0 CASH FLOW FORECAST**

9. NTSM has prepared the Cash Flow Forecast for the period April 6, 2024, to July 5, 2024 (the “**Forecast Period**”).
10. The Cash Flow Forecast was prepared by the Company with the assistance of the Proposal Trustee. NTSM’s receipts during the Forecast Period consist primarily of accounts receivable collected from the sale of its services in the normal course, as well as funds advanced pursuant to the Interim DIP Loan and other financing facilities for which the Company will seek Court approval in the coming weeks. The Company’s disbursements in the Forecast Period are comprised mostly of payroll, rent, professional fees and general operating expenses.
11. The Proposal Trustee has reviewed the Cash Flow Forecast and NTSM’s underlying assumptions, and it is the Proposal Trustee’s view that the Cash Flow Forecast and the assumptions contained therein are reasonable. A copy of the Cash Flow Forecast, along with the Proposal Trustee’s report on NTSM’s Cash Flow Forecast pursuant to Section 50.4(2)(b) of the BIA, are collectively attached as **Appendix “B”** to this report.

### **4.0 DIP AND INTERIM FINANCING**

12. As set out in the Spencley Affidavit, the Company has received a term sheet for DIP financing from a third-party lender, and the proposed terms are acceptable to the Company. The proposed DIP lender is in the process of completing its due diligence.
13. As set out in the Cash Flow Forecast, the Company requires additional funds to pay critical operating expenses relating to payroll, fuel, rent, and other operating costs.
14. J9 Investments Inc. (“**J9**”), a non-arms length party and existing creditor, has agreed to provide the Interim DIP Loan in the amount of \$150,000, which is to be repaid once the third-party lender completes its due diligence, the DIP facility from the third-

party lender is approved by the Court, and the funds become available to the Company.

15. J9 has provided a term sheet to the Company which sets out the terms upon which J9 is prepared to advance funds (the “**J9 Term Sheet**”). A copy of the J9 Term Sheet is attached as **Appendix “B”** to this report.

16. The material terms of the J9 Term Sheet include:

<b>Key Terms</b>	<b>Description</b>
Borrower	National Traffic Safety Management Inc.
Lender	J9 Investments Inc.
Facility	A super-priority, debtor-in-possession non-revolving demand credit facility up to a maximum principal amount of one hundred fifty thousand dollars \$150,000 (the “Facility”).
Interest Rate	Interest on the principal amount of the Facility outstanding from time to time shall be calculated at a rate of fifteen percent (15%) per annum, which interest shall be calculated on the daily outstanding balance owing under the Facility, not in advance, and shall accrue and be paid on the Maturity Date.
Facility Fee	A Facility fee equal to \$7,500, which shall be fully earned Court approval of this Term Sheet, and secured by the Interim Financing Charge, shall be due and payable on the Maturity Date.
Repayment	The Borrower shall repay all principal, interest, fees and other amounts owing under the Facility on the earlier of (the “Maturity Date”): (i) demand; (ii) the date the Facility is refinanced; (iii) the day on which the stay of proceedings has been terminated; (iv) the date on which the Borrower becomes bankrupt. The Borrower is entitled to repay all or any part of the Facility at any time without notice or penalty.

19. The Proposal Trustee believes that the terms offered by J9 are reasonable in the circumstances.
20. The Company is seeking an Interim DIP Charge to secure the Interim DIP Loan, which is required pursuant to the terms of the J9 Term Sheet. The Interim DIP Charge is intended to rank in priority to all encumbrances.
21. The Proposal Trustee is of the view that the Company's request for approval of the Interim DIP Loan and the Interim DIP Charge are reasonable in the circumstances and are required to provide the Company with the necessary financing to maintain ongoing operations while it formulates a restructuring plan and proposal to its creditors. If this financing is not approved, the Company will not have sufficient liquidity to continue operations and will be required to cease operations, resulting in lost jobs for the Company's employees and losses for the Company's creditors and stakeholders.

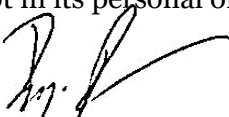
## **5.0 CONCLUSION AND RECOMMENDATION**

22. The Proposal Trustee respectfully recommends that this Court grant the relief sought by NTSM in the draft Order to maximize realizations for all creditors and stakeholders.

All of which is respectfully submitted to this Court as of this 11<sup>th</sup> day of April 2024.

**TDB RESTRUCTURING LIMITED**, solely in its capacity  
as Proposal Trustee *re* National Traffic Safety Management  
Inc. and not in its personal or corporate capacity

Per:

  
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT  
Managing Director



# Appendix “A”



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of Ontario  
Division No. 09 - Toronto  
Court No. 31-3064916  
Estate No. 31-3064916

In the Matter of the Notice of Intention to make a proposal of:

**National Traffic Safety Management Inc.**

Insolvent Person

**TDB Restructuring Limited**

Licensed Insolvency Trustee

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Date of the Notice of Intention:

April 05, 2024

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: April 08, 2024, 07:19

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

**Canada**

# Appendix “B”

District of: Ontario  
Division No. 09 - Toronto  
Court No. 31-3064916  
Estate No. 31-3064916

\_ FORM 29 \_  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

The attached statement of projected cash flow of National Traffic Safety Management Inc., as of the 11th day of April 2024, consisting of a cash flow projection for the 13-week period from April 6, 2024 to July 5, 2024, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 11th day of April 2024.

TDB Restructuring Limited - Licensed Insolvency Trustee  
Per:

*Bryan A. Tannenbaum*

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Bryan Tannenbaum - Licensed Insolvency Trustee  
11 King Street W., Suite 700, Box 27  
Toronto ON M5H 4C7  
Phone: (416) 575-4440 Fax: (416) 915-6228

District of: Ontario  
Division No. 09 - Toronto  
Court No. 31-3064916  
Estate No. 31-3064916

FORM 29 - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

Purpose:

The purpose of the cash flow projection is to comply with the requirements set out in section 50.4(2) of the Bankruptcy and Insolvency Act.

Projection Notes:

1. Hypothetical assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgement, but are consistent with the Statement of Projected Cash Flow.
  
2. Probable assumptions, as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals, are assumptions that the insolvent person believes reflect the most probable set of economic conditions or planned courses of action, are suitably supported, consistent with the plans of the insolvent person and provide a reasonable basis for the Statement of Projected Cash Flow.

Assumptions:

Hypothetical Assumptions:

1. The Company will continue to operate in the normal course throughout the forecast period.

Probable Assumptions:

1. Collections of accounts receivable from pre-filing sales are based on management's best estimate of the amount and timing of payments from the Company's customers.
2. Management estimates that accounts receivable from post filing sales will be collected approximately 60 days after invoices are issued to customers.
3. The Company has received a term sheet for an accounts receivable factoring facility from an accounts receivable factor (the "Factor") that will lend based on 85% of all post-filing accounts receivable balances. This forecast assumes that the Factor will extend funds one-week subsequent to the week in which the respective sales are generated and invoices are issued to customers.
4. The forecast reflects receipt of an Interim DIP Loan (as defined in the Proposal Trustee's First Report) of \$150,000 during the first week of the forecast period. In the third week of the forecast, the Company expects another DIP loan of \$500,000 to be received, at which time the Interim DIP Loan of \$150,000 will be repaid.
5. Rent is comprised of lease payments for the Company's Toronto and Niagara offices.
6. Insurance is comprised of property & liability insurance premiums payable by the Company during the forecast period.
7. Vehicle leases are for the Company's fleet of service vehicles that are used in operations.
8. Payroll includes head office salaries as well as hourly/contract worker wages. Benefits and union dues are also included in these amounts.
9. Operating costs include fuel charges as well as a provision equal to 8% of sales. The provision of 8% is management's best estimate for costs incurred by employees in carrying out their duties for items including meals and hotels. The forecast assumes that fuel charges and reimbursement of employee out-of-pocket costs will be paid 30-days after they are incurred.
10. Includes estimated fees and disbursements payable to the Proposal Trustee and its counsel, as well as the Company's counsel.
11. On the basis that A/R is assumed to be collected 60 days after invoices are issued to customers, this forecast contemplates repaying the Factor for the 85% loaned to the Company upon collection of the related accounts receivable.
12. Interest and fees relate to the A/R factoring facility and the terms contained therein.
13. HST represents the net of all HST collected on sales, less the input tax credits relating to the company's expenses. It is assumed that HST payments will be made during the last week of each month, relating to amounts owing for the prior month (i.e. the May 31, 2024 HST payment relates to obligations for April, 2024).

Dated at the City of Toronto in the Province of Ontario, this 11th day of April 2024.

TDB Restructuring Limited - Licensed Insolvency Trustee  
Per:

*Bryan A. Tannenbaum*

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Bryan Tannenbaum - Licensed Insolvency Trustee  
11 King Street W., Suite 700, Box 27  
Toronto ON M5H 4C7  
Phone: (416) 575-4440 Fax: (416) 915-6228

**National Traffic Safety Management Inc.**  
**Cash Flow Forecast**  
**For the period ended July 5, 2024**

	Note	12-Apr-24	19-Apr-24	26-Apr-24	3-May-24	10-May-24	17-May-24	24-May-24	31-May-24	7-Jun-24	14-Jun-24	21-Jun-24	28-Jun-24	5-Jul-24	Total
<b>Cash Receipts</b>															
Pre-Filing A/R Collections	1	15,386	179,583	24,002	2,825	-	78,420	25,512	27,024	16,238	13,166	-	-	-	382,156
Post-Filing A/R Collections	2	-	-	-	-	-	-	-	-	30,000	50,000	100,000	100,000	150,000	430,000
A/R Factoring	3	25,500	42,500	85,000	85,000	127,500	148,750	148,750	148,750	148,750	153,000	153,000	153,000	153,000	1,572,500
DIP Financing	4	150,000	-	500,000	-	-	-	-	-	-	-	-	-	-	650,000
<b>Total Receipts</b>		<b>190,886</b>	<b>222,083</b>	<b>609,002</b>	<b>87,825</b>	<b>127,500</b>	<b>227,170</b>	<b>174,262</b>	<b>175,774</b>	<b>194,988</b>	<b>216,166</b>	<b>253,000</b>	<b>253,000</b>	<b>303,000</b>	<b>3,034,656</b>
<b>Cash Disbursements</b>															
Rent	5	-	8,667	-	6,667	-	2,000	-	-	6,667	2,000	-	-	6,667	32,668
Insurance	6	-	-	-	25,000	-	-	-	-	25,000	-	-	-	25,000	75,000
Vehicle Leases	7	-	37,000	-	37,000	25,000	-	-	-	62,000	-	-	-	62,000	223,000
Payroll & Benefits	8	59,500	72,047	69,000	43,080	93,500	103,600	70,000	99,000	83,850	101,000	174,000	101,000	79,920	1,149,497
Operating Costs	9	-	10,000	10,000	17,400	21,500	25,500	25,500	29,500	32,000	32,000	32,000	32,000	34,400	301,800
Professional Fees	10	15,000	-	-	-	-	-	-	35,000	-	-	-	25,000	-	75,000
Repayment - Interim DIP Loan	4	-	-	150,000	-	-	-	-	-	-	-	-	-	-	150,000
Repayment - A/R Factoring	11	-	-	-	-	-	-	-	-	25,500	42,500	85,000	85,000	127,500	365,500
Interest & Fees	12	-	25,765	425	638	744	744	744	744	1,278	1,621	2,477	2,477	3,417	41,073
HST	13	-	-	-	-	-	-	-	25,909	-	-	-	-	81,241	107,151
<b>Total Disbursements</b>		<b>74,500</b>	<b>153,479</b>	<b>229,425</b>	<b>129,785</b>	<b>140,744</b>	<b>131,844</b>	<b>96,244</b>	<b>190,153</b>	<b>236,295</b>	<b>179,121</b>	<b>293,477</b>	<b>245,477</b>	<b>420,146</b>	<b>2,520,688</b>
<b>Cash - Opening</b>		<b>5,609</b>	<b>121,995</b>	<b>190,599</b>	<b>570,176</b>	<b>528,217</b>	<b>514,973</b>	<b>610,299</b>	<b>688,317</b>	<b>673,938</b>	<b>632,631</b>	<b>669,676</b>	<b>629,199</b>	<b>636,723</b>	<b>5,609</b>
<b>Net cash inflow/(outflow)</b>		<b>116,386</b>	<b>68,604</b>	<b>379,577</b>	<b>(41,960)</b>	<b>(13,244)</b>	<b>95,326</b>	<b>78,018</b>	<b>(14,379)</b>	<b>(41,307)</b>	<b>37,045</b>	<b>(40,477)</b>	<b>7,523</b>	<b>(117,146)</b>	<b>513,968</b>
<b>Cash - Closing</b>		<b>121,995</b>	<b>190,599</b>	<b>570,176</b>	<b>528,217</b>	<b>514,973</b>	<b>610,299</b>	<b>688,317</b>	<b>673,938</b>	<b>632,631</b>	<b>669,676</b>	<b>629,199</b>	<b>636,723</b>	<b>519,577</b>	<b>519,577</b>



# Appendix “C”

April 10, 2024

National Traffic Safety Management Inc.  
150 Bridgeland Avenue, Suite 206  
Toronto, ON M6A 1Z5

Attention: Michael Spencley

**Re: Term Sheet – J9 Investments Inc. (the “Lender”) Interim Debtor in Possession Facility in favour of National Traffic Safety Management Inc. (the “Borrower”)**

We understand that on April 5, 2024, the Borrower filed a notice of intention to make a proposal pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) naming TDB Restructuring Limited as proposal trustee (the “**Proposal Trustee**”), and that in connection with the BIA proceedings (the “**Proposal Proceedings**”) the Borrower requires interim financing and will be seeking an interim financing Order pursuant to section 50.6(1) of the BIA (the “**Interim Financing Order**”). The Lender is pleased to offer interim financing by way of the interim debtor in possession facility described in this term sheet (the “**Term Sheet**”) subject to the terms and conditions set forth herein. Unless otherwise indicated, all amounts are expressed in Canadian currency. All capitalized terms not otherwise defined in the body of this Term Sheet shall have the meanings ascribed thereto in **Schedule “A”**.

**Borrower:** National Traffic Safety Management Inc.

**Lender:** J9 Investments Inc.

**Facility:** A super priority, debtor-in-possession non-revolving demand credit facility up to the maximum principal amount of one hundred fifty thousand dollars \$150,000 (the “**Facility**”), subject to the terms and conditions contained herein.

**Purpose:** The purpose of the Facility is to fund (i) working capital needs in accordance with the cash flow projections approved by the Proposal Trustee and the Lender from time to time (the “**Cash Flow Projections**”); (ii) the Lender’s Fees and Expenses (as defined below), (iii) professional fees and expenses incurred by the Borrower and the Proposal Trustee in connection with the Proposal Proceedings, and (iv) such other costs and expenses of the Borrower as may be agreed to by the Lender, in writing.

**Repayment:** The Borrower shall repay all principal, interest, fees and other amounts owing under the Facility on the **earlier** of (the “**Maturity Date**”): (i) demand; (ii) the date the Facility is refinanced; (iii) the day on which the stay of proceedings has been terminated; (iv) the date on which the Borrower becomes bankrupt. The Borrower is entitled to repay all or any part of the Facility at any time without notice or penalty.

**Facility Advances:** Each Advance shall be wire transferred to the current operating account of the Borrower (the “**Borrower’s Account**”). The Borrower’s Account shall be subject to the Interim Financing Charge.

**Interest Rate:** Interest on the principal amount of the Facility outstanding from time to time shall be calculated at a rate of fifteen percent (15%) per annum, which interest shall be calculated on the daily outstanding balance owing under the Facility, not in advance, and shall accrue and be paid on the Maturity Date.

**Facility Fee:** A Facility fee equal to \$7,500, which shall be fully earned Court approval of this Term Sheet, and secured by the Interim Financing Charge, shall be due and payable on the Maturity Date.

**Security:** All debts, liabilities, and obligations of the Borrower under the Facility shall be secured by the Interim Financing Charge charging all present and future, real and personal, tangible and intangible, properties, assets and undertakings of the Borrower.

The Interim Financing Charge shall rank in priority to any and all security interests, mortgages, trusts, deemed trusts (statutory or otherwise), liens, charges and encumbrances, and claims of all other secured creditors, statutory or otherwise, in favour of any Person.

**Conditions Precedent to the Facility:** The availability of the Facility is subject to and conditional upon the following:

1. the granting of the Court of the Interim Financing Order in a form satisfactory to the Lender, acting reasonably, including:
  - (a) approving this Term Sheet and the Facility contemplated herein;
  - (b) granting the Lender a charge in and to all present and future, real and personal, tangible and intangible, properties, assets and undertakings of the Borrower (the “**Interim Financing Charge**”), which Interim Financing Charge shall rank in priority to any and all security interests, mortgages, trusts, deemed trusts (statutory or otherwise), liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise, in favour of any Person;
  - (c) declaring that the granting of the Interim Financing Charge, and the payment of all amounts by the Borrower to the Lender, including any and all fees and interest, do

not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any Applicable Law; and

(d) declaring the Interim Financing Order, including the Interim Financing Charge granted thereunder, binding upon a trustee in bankruptcy of the Borrower, the Proposal Trustee, a receiver, interim-receiver, receiver-manager or any other officer of the Court appointed in respect of the Borrower;

2. receipt of a duly executed copy of this Term Sheet by the Execution Deadline.

**Timing of Initial Advance:**

Subject to the satisfaction of the Conditions Precedent to the Facility, the Facility shall be made to the Borrower within two (2) Business Days following Court approval of the Interim Financing Order, or such later date as may be agreed to by the Lender and the Borrower.

**Covenants:**

The Borrower covenants and agrees with the Lender, so long as any amounts are outstanding by the Borrower to the Lender hereunder, to:

1. pay all sums of money when due hereunder;
2. not request, obtain or consent to a variation of the Interim Financing Order if, in the opinion of the Lender, such variation may be prejudicial to the Lender, without the prior written consent of the Lender, such consent not to be unreasonably withheld or delayed;
3. use the proceeds of the Facility solely for the purposes provided for herein;
4. keep and maintain books of account and other accounting records in accordance with generally accepted accounting principles;
5. upon reasonable notice, permit the Lender or its representatives, at any time and from time to time with such frequency as the Lender, in its sole discretion, may require, to visit and inspect the Borrower's premises, properties and assets and to examine and obtain copies of the Borrower's records or other information and discuss the Borrower's affairs with the auditors, counsel and other professional advisors of the Borrower all at the reasonable expense of the Borrower;


6. to pay or make provision for payment of all Priority Claims due and payable from and after the commencement of the Proposal Proceedings, as and when such Priority Claims are due; and
7. carry on the business of the Borrower in the normal course, consistent with past practice and orders of the Court made in the Proposal Proceedings.

If the terms and conditions of this Term Sheet are acceptable to you, please sign in the space indicated below and return the signed copy of this Term Sheet to us. Acceptance may also be effected by scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Term Sheet.

Yours truly,

**J9 INVESTMENTS INC.**

Per:   
Name: Janine Grossman  
Title:

*I have authority to bind the corporation.*

**ACCEPTANCE**

The undersigned hereby accepts this Term Sheet this \_\_\_\_\_<sup>th</sup> day of April.

**NATIONAL TRAFFIC SAFETY MANAGEMENT INC.**

Per: \_\_\_\_\_  
Name:  
Title:

*I have authority to bind the corporation.*

6. to pay or make provision for payment of all Priority Claims due and payable from and after the commencement of the Proposal Proceedings, as and when such Priority Claims are due; and
7. carry on the business of the Borrower in the normal course, consistent with past practice and orders of the Court made in the Proposal Proceedings.

If the terms and conditions of this Term Sheet are acceptable to you, please sign in the space indicated below and return the signed copy of this Term Sheet to us. Acceptance may also be effected by scanned transmission and in counterpart.

We thank you for allowing us the opportunity to provide you with this Term Sheet.

Yours truly,

**J9 INVESTMENTS INC.**

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

Name: Janine Grossman

Title:

*I have authority to bind the corporation.*

**ACCEPTANCE**

The undersigned hereby accepts this Term Sheet this \_\_\_\_\_<sup>th</sup> day of April.

**NATIONAL TRAFFIC SAFETY MANAGEMENT INC.**

Per: Michael Spencey  
Name: MICHAEL SPENCEY  
Title: C.E.O.

*I have authority to bind the corporation.*

## SCHEDULE “A”

In addition to terms defined elsewhere in this Term Sheet, the following terms shall have the following meanings:

- (a) **“Applicable Laws”** means, with respect to any person, property, transaction or event, all present or future statutes, regulations, rules, orders, codes, treaties, conventions, judgments, awards, determinations and decrees of any governmental, regulatory, fiscal or monetary body or court of competent jurisdiction, in each case, having the force of law in any applicable jurisdiction.
- (b) **“Business Day”** means a day on which chartered banks are open for over-the-counter business in Toronto and excludes Saturday, Sunday and any other day which is a statutory holiday in Toronto.
- (c) **“Priority Claims”** means the aggregate of any amounts accrued or payable by any Borrower which under any law may rank prior to or *pari passu* with the Interim Financing Charge or otherwise in priority to any claim by the Lender for payment or repayment of any amounts owing under this Term Sheet, including: (i) wages, salaries, commissions or other remuneration; (ii) vacation pay; (iii) pension plan contributions; (iv) amounts required to be withheld from payments to employees or other persons for federal and provincial income taxes, employee Canadian Pension Plan contributions and employee Employment Insurance premiums, additional amounts payable on account of employer Canada Pension Plan contributions and employer Employment Insurance premiums; (v) harmonized sales tax; (vi) provincial sales or other consumption taxes; (vii) Workers’ Compensation Board and Workplace Safety and Insurance Board premiums or similar premiums; (viii) real property taxes; (ix) rent and other amounts payable in respect of the use of real property; (x) amounts payable for repair, storage, transportation or construction or other services which may give rise to a possessory or registerable lien; and (xi) claims which suppliers could assert pursuant to Section 81.1 or Section 81.2 of the BIA; and (xii) WEPPA Claims.
- (d) **“WEPPA Claims”** means any claims made against the Borrower pursuant to the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s.1, as the same may be amended, restated or replaced from time to time.

Words importing the singular include the plural thereof and vice versa and words importing gender include the masculine, feminine and neuter genders.

## **SCHEDULE "B"**

1. N/A.



**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF NATIONAL TRAFFIC SAFETY  
MANAGEMENT INC.,  
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

Estate/Court File No. 31-3064916

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

Proceedings commenced at TORONTO

**FIRST REPORT OF THE PROPOSAL  
TRUSTEE**

**CHAITONS LLP**

5000 Yonge Street, 10<sup>th</sup> Floor  
Toronto, ON M2N 7E9

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**Lawyers for National Traffic Safety  
Management Inc.**