



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: BK-24-03064916-0031

HEARING DATE: February 20, 2025

NO. ON LIST: 2

TITLE OF PROCEEDING: IN THE MATTER OF NATIONAL TRAFFIC SAFETY MANAGEMENT
INC.

BEFORE: JUSTICE KIMMEL

PARTICIPANT INFORMATION

For Debtor:

Name of Person Appearing	Name of Party	Contact Info
Laura Culleton	Counsel to National Traffic Safety Management Inc.	416-218-1128 laurac@chaitons.com
Harvey Chaiton	Counsel to National Traffic Safety Management Inc.	416-218-1129 harvey@chaitons.com
Michael Spencley	President and CEO of National Traffic Safety Management Inc.	michael@ntsminc.com

For Creditor:

Name of Person Appearing	Name of Party	Contact Info
Richard Marcovitz	E S Laredo Medicine Professional Corporation (<i>Creditor</i>)	416-473-8484 Richard.marcovitz@gmail.com
Sheila Laredo	E S Laredo Medicine Professional Corporation (<i>Creditor</i>)	416-457-4783 Sheila.laredo@gmail.com

Others in Attendance:

Name of Person Appearing	Name of Party	Contact Info
Jeffrey Berger	TDB Restructuring Limited (<i>Proposal Trustee</i>)	jberger@tdbadvisory.ca
Bryan A. Tannenbaum	TDB Restructuring Limited (<i>Proposal Trustee</i>)	btannenbaum@tdbadvisory.ca

Allan Grossman	J9 Investments Inc. (PPSA Registrant)	416-305-8100 agrossmanconsulting@gmail.com
Betty Copeland	1555207 Ontario Inc. (PPSA Registrant)	<i>not provided</i>

ENDORSEMENT OF JUSTICE KIMMEL:

The Motion

- [1] National Traffic Safety Management Inc. (the "Company") applies for Court approval of the Amended Proposal dated January 6, 2025, filed with the Official Receiver on February 10, 2025 (the "Amended Proposal") pursuant to the Bankruptcy and Insolvency Act, R.S.C., 1985, c. B-3, as amended (the "BIA"), and ancillary relief.
- [2] The Company filed its Notice of Intention to Make a Proposal ("NOI") on April 5, 2024 (the "NOI Filing Date"). Since then, it has been working to restructure and provide creditors a superior result to bankruptcy with the stability and additional financing that it has obtained throughout this proceeding. It was eventually able to present its Amended Proposal, which was accepted by the requisite double majority of creditors at a meeting held on January 22, 2025 (the "Reconvened Meeting").
- [3] Capitalized terms not otherwise defined in this endorsement shall have the meanings ascribed to them in the Company's factum for this motion dated February 19, 2025.

The Amended Proposal

- [4] The Proposal Trustee recommends that the Court approve the Amended Proposal and grant the ancillary relief set out in the Company's Notice of Motion. The only party who appeared at the hearing to object to the approval of the Amended Proposal was Sheila Laredo, the representative of E. S. Laredo Medicine Professional Corporation with her spouse Richard Marcovitz (who is a lawyer but not on the record as counsel in this proceeding). E.S. Laredo Medicine Professional Corporation was the only creditor that did not vote in favour of approving the Amended Proposal at the Reconvened Meeting.
- [5] The Company's original proposal dated September 19, 2024 (the "Proposal") was never voted upon by the creditors because the Company's most significant creditor, Canada Revenue Agency ("CRA"), attended the first meeting held October 10, 2024 (the "First Meeting") and asked that it be adjourned. Following several meetings and discussions between the Proposal Trustee and the CRA, the Company prepared the Amended Proposal.

- [6] The Seventh Report of the Proposal Trustee dated February 10, 2025 (the "Seventh Report") includes a detailed summary of the Amended Proposal. The main features of the Amended Proposal are described in paragraph 21 of the Company's factum on this motion.
- [7] On January 8, 2025, the Proposal Trustee provided a Notice of Proposal to Creditors to the Company, the OSB and to every known creditor affected by the Amended Proposal advising them of the Reconvened Meeting to consider and vote on the Amended Proposal. The Reconvened Meeting was held virtually and in person at the Proposal Trustee's office on January 22, 2025.
- [8] At the Reconvened Meeting, the Amended Proposal was accepted by the required majority in number of creditors and 2/3 in value of claims. Certain non-arm's length creditors voted in favour of the Amended Proposal however, for the purpose of determining whether the vote passed, the Proposal Trustee excluded these votes from the final calculation.

The Requirements for Court Approval of the Amended Proposal

- [9] Pursuant to section 54(2)(d) of the BIA, a proposal is deemed to be accepted by the creditors if it has achieved the requisite "double majority" vote at a duly constituted meeting of creditors, as the Amended Proposal has in this case.
- [10] Under section 59(2) of the BIA, the court will refuse to approve a proposal where its terms are not reasonable or are not calculated to benefit the general body of creditors.
- [11] There is a three-pronged test that must be satisfied for court approval of a proposal under the BIA 30, all of which have been satisfied on the record before the court for this motion:
- a. the Amended Proposal is reasonable in the sense that it can be carried out in accordance with its terms and is not bound to fail;
 - b. the Amended Proposal is calculated to benefit the general body of creditors (when compared to a bankruptcy scenario, which the Proposal Trustee explains in its Seventh Report is not expected to result in any recoveries for unsecured creditors; and
 - c. the Amended Proposal is made in good faith.

See *Mayer (Re)*, 25 CBR (3d) 113 (O.C.G.D. in bkcy), 1994 CanLII 7461 (ON SC), at para. 2; *Magnus One Energy Corp (Re)*, 2009 ABQB 200, at para. 10.

- [12] The first two factors are reinforced by the recommendation of the Proposal Trustee and the acceptance of the creditors through their double majority votes and the Proposal Trustee's

recommendation that the Amended Proposal be approved: see *Abou-Rached, Re*, 2002 BCSC 1022, at para. 65.

- [13] The Proposal Trustee recommends the Amended Proposal because it balances the Company's finances and will enable the Company to continue its business for the benefit of the Company's creditors, customers, employees and other stakeholders and because the Proposal Trustee is of the view that the Company has made the Amended Proposal in good faith.
- [14] The corporate reorganization contemplated by the Amended Proposal (that will convert secured and unsecured debt into share) and the consequent amendment to the Company's constating documents falls within the court's authority under Section 59(4) of the BIA.

The Concerns Raised by the Objecting Creditor

- [15] As part of its statutory duties under the BIA, the Proposal Trustee conducted a review of the Company's bank statements and cancelled cheques for the twelve-month period (the "Review Period") immediately preceding the commencement of the NOI proceedings to identify transactions that could be considered preferences or transfers at undervalue. The Proposal Trustee focused on transactions above \$10,000. The Proposal Trustee did not identify any transactions in the Review Period that could be considered a preference or transfer at undervalue.
- [16] As the Proposal Trustee did not identify any transactions that could be considered a preference or transfer at undervalue during the Review Period, the Proposal Trustee is of the view that section 18 of the Amended Proposal, excluding the future application of ss. 95 and 101 of the BIA to the Company (and therefore precluding the pursuit of remedies under these sections against the Company), is reasonable.
- [17] The concerns raised by the objecting creditor about the Amended Proposal relate to allegations involving a potential fraud that one or more of the Company's former directors may have committed. Counsel for the Proposal Trustee explained during the hearing that nothing in the releases provided for in the approval order nor any of the terms of the Amended Proposal itself, or the effect of the court's approval of it, will detract from any claims that the objecting creditor (or any other stakeholder) may wish to assert in respect of that fraud against the alleged perpetrator(s) of the fraud.
- [18] The Proposal Trustee does not have the mandate or funding to investigate this alleged fraud.

Order Granted

- [19] The Amended Proposal was approved for brief oral reasons given at the hearing, and those and the reasons further elaborated upon in this endorsement. The Approval Order dated February 20, 2025 and signed by me today may now issue, effective as of February 20, 2025.

A handwritten signature in cursive script, appearing to read "Kimmel J.", written in dark ink.

KIMMEL J.

February 24, 2025