

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

THE HONOURABLE)	THURSDAY, THE 20 TH
)	
JUSTICE KIMMEL)	DAY OF FEBRUARY, 2025

**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**

ORDER

THIS MOTION, made by National Traffic Safety Management Inc. (the “**Company**”), for an order, inter alia, approving the amended proposal dated January 6, 2025 (the “**Amended Proposal**”) filed with the Official Receiver on February 10, 2025, was heard this day at 330 University Avenue, Toronto, Ontario via videoconference.

ON READING the Notice of Motion and the Seventh Report of the Proposal Trustee dated February 10, 2025, and on hearing the submissions of counsel for the Company, and other parties listed on the Participant Information Form, and representatives of E.S. Laredo Medicine Professional Corp., no one else appearing for any other person on the service list although properly served as appears from the Affidavit of Service of Laura Culleton sworn February 18, 2025, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and Motion Record of the Company is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF AMENDED PROPOSAL

2. **THIS COURT ORDERS AND DECLARES** that the Amended Proposal, as accepted by the requisite majorities of the Company's creditors and as attached hereto as **Schedule "A"**, is hereby approved and is effective in accordance with its terms.

AMEDED PROPOSAL IMPLEMENTATIONS

3. **THIS COURT ORDERS** that each of the Company and TDB Restructuring Limited (the "**Proposal Trustee**"), as applicable, is hereby authorized and directed to take all steps and actions necessary or appropriate (as determined by the Company or the Proposal Trustee, as the case may be) to implement the Amended Proposal and the transactions contemplated thereby, in accordance with and subject to the terms of the Amended Proposal and that such steps and actions are hereby approved.

4. **THIS COURT ORDERS** that, pursuant to Section 59(4) of the BIA, the Company is hereby authorized to file Articles of Reorganization to implement the amendments to the articles of the Company described as Schedule "A" to the Amended Proposal.

5. **THIS COURT ORDERS** that the Company or the Proposal Trustee may, from time to time, seek advice and directions from this Court regarding or in connection with the implementation of the Amended Proposal.

GENERAL

6. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

7. **THIS COURT ORDERS** that the Company or the Proposal Trustee shall be at liberty and are hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

8. **THIS COURT ORDERS** that this Order is effective from today's date and it is made and enforceable without any need for entry or filing.

Schedule “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
NATIONAL TRAFFIC SAFETY MANAGEMENT INC.
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

AMENDED PROPOSAL

NATIONAL TRAFFIC SAFETY MANAGEMENT INC. (the "**Debtor**") hereby submits the following Proposal under the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**Act**").

Definitions

1. In this Proposal:

- (a) "**Administrative Fees and Expenses**" means the proper fees and expenses of the Trustee and of the Debtor's counsel, of and incidental to these proposal proceedings including the preparation, negotiation, consideration and implementation of the Proposal and all matters relating to or arising from the Proposal, or a bankruptcy of the Debtor, including Court attendances;
- (b) "**Approval Order**" means an Order of the Court approving the Proposal;
- (c) "**Certificate of Full Performance**" means the certificate that the Trustee shall provide to the Debtor and the Official Receiver upon Performance of the Proposal pursuant to the provisions of the *Act*;
- (d) "**Claim**" means any right of any Person against the Debtor in connection with any indebtedness, liability or obligation of any kind of the Debtor which indebtedness, liability or obligation is in existence at the Filing Date, whether or not reduced to judgement, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, by surety or otherwise and whether or not such a right is executory in nature, including, without limitation, the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action,



cause or chose in action, whether existing at present or commenced in the future based in whole or in part on facts which exist prior to or as of the Filing Date; and any indebtedness, liability or obligation of any kind arising out of the repudiation, restructuring or termination of any contract, lease, license, equipment lease, employment relationship or other agreement after the Filing Date;

- (e) **"Court"** means the Ontario Superior Court of Justice (in Bankruptcy and Insolvency);
- (f) **"Creditor"** means any Person having a Claim and may, if the context requires, mean a trustee, receiver, receiver-manager or other Person acting on behalf or in the name of such Person;
- (g) **"Crown Priority Claims"** means all amounts that are outstanding as at the Filing Date of a kind that could be subject to a demand under,
 - (i) subsection 224(1.2) of the *Income Tax Act*;
 - (ii) 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*, or an employee's premium, or employer's premium, as defined in the *Employment Insurance Act*, and of any related interest, penalty or other amounts; or
 - (iii) 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;
 - (A) 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
 - (B) 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;
- (h) **"Effective Date"** means the date upon which the Approval Order becomes final and no longer subject to appeal;
- (i) **"Employee Creditor"** means a current or former employee of the Debtor, not to include independent commissioned sales agents or contractors, for amounts equal to

the amounts that they would be qualified to receive under section 136(l)(d) of the *Act* if the Debtor became bankrupt on the Filing Date, as well as wages, salaries, commissions or compensation for services rendered after that date and before the Court's approval of the Proposal, together with, in the case of travelling salespersons, disbursements properly incurred by those salespersons in and about the Debtor business during the same period;

- (j) **"Filing Date"** means April 5, 2024, the date upon which the Debtor a Notice of Intention to Make a Proposal with the office of the Official Receiver;
- (k) **"Inspectors"** means the inspectors described in paragraph 17 hereof;
- (l) **"Performance of the Proposal"** means the payment of the money pursuant to the provisions of paragraphs 12 and 13 of this Proposal;
- (m) **"Person"** means any individual, partnership, joint venture, trust, corporation, unincorporated organization, government or any agency or instrumentality thereof, or any other entity howsoever designated or constituted;
- (n) **"Preferred Creditor"** means an unsecured creditor whose Claim the *Act* directs be paid in priority to all other Claims of Unsecured Creditors in the priority set out in Section 136 of the *Act*;
- (o) **"Proposal"** means this Amended Proposal, dated December 10, 2024, as may be amended or supplemented;
- (p) **"Proposal Proceeds"** means the funds to be paid to the Trustee pursuant to the provisions of this Proposal;
- (q) **"Proven Claim"** of a Creditor means the amount of the Claim of such Creditor finally determined in accordance with the provisions of the *Act*;
- (r) **"Secured Creditor"** means a Person holding a mortgage, hypothec, pledge, charge, lien or privilege on or against the property of the Debtor or any part thereof as security for a Claim, to the extent of the value of the security;
- (s) **"Trustee"** means **TDB Restructuring Limited**, or its duly appointed successor or successors; and
- (t) **"Unsecured Creditor"** means a Person with a Claim, except for a Claim:
 - (i) that has been finally and conclusively disallowed;
 - (ii) that may be contingent or unliquidated and found by the Court not to be provable;
 - (iii) that is a Claim by a Secured Creditor;

- (iv) that is a Crown Priority Claim; and
- (v) that is a Claim by a Preferred Creditor.

Purpose of this Proposal

2. The purpose of this Proposal is to allow the Debtor to effect a compromise of the amounts owed to its Creditors in the expectation that all Creditors will receive a greater benefit than they would otherwise receive from a bankruptcy of the Debtor and to provide for:
 - a) the cancellation of all of the existing Class B Shares;
 - b) the conversion of existing Class A Shares to Non-voting Preferred Shares;
and
 - c) the conversion of certain debt to equity in the capital of the Debtor.

Proposal to Class 1 Secured Creditors

This class of Secured Creditors comprises FundThrough Inc. ("FT"), J9 Investments Ltd. ("J9"), Royal Bank of Canada ("RBC"), and equipment financiers/lessors.

FundThrough Inc.

3. FT is a interim-financing lender pursuant to the Order of Justice Osborne dated June 27, 2024 which holds a first-ranking court-ordered charge in the Eligible Receivables (as defined in the FT Term Sheet dated June 18, 2024). FT shall be paid in accordance with existing payment terms between the Debtor and FT or as otherwise may be agreed between the parties.

J9 Investments Ltd.

4. J9 is also an interim-financing lender pursuant to the Order of Justice Cavanagh dated April 16, 2024 (incorrectly named therein as J9 Investments Inc.), which holds a court-ordered charge on all property and assets of the Debtor. J9 shall be paid in accordance with existing payment terms between the Debtor and J9 or as otherwise may be agreed between the parties.

Royal Bank of Canada

5. RBC holds a perfected general security agreement granting a security interest in all property and assets of the Debtor to secure repayment of a HASCAP loan. RBC shall be paid in accordance with existing payment terms between the Debtor and RBC or as otherwise may be agreed between the parties.

Equipment Financiers/Lessors

6. The equipment financiers/lessors shall be paid in accordance with their existing payment terms with the Debtor or as otherwise may be agreed between the parties.

Administrative Fees and Expenses

7. The Administrative Fees and Expenses shall be paid by the Debtor in the ordinary course of business and any unpaid amounts shall be secured by the charge (the "**Administration Charge**") granted pursuant to the Order of Justice Cavanagh dated May 3, 2024 to the maximum amount of \$100,000.

Proposal for Preferred Creditors

8. The Proven Claims of Preferred Creditors, if any, are to be paid in full, without interest, from the Proposal Proceeds, in priority to all Claims of Unsecured Creditors.

Crown Priority Claims

9. Crown Priority Claims, if any, shall be paid in full, without interest, within six months following the Effective Date.

Tax Filings

10. The Company shall remain current with its tax filings for payroll, HST and T2 income tax returns and make any payments as they come due. The Company shall have three (3) months to cure any non-filing or non-payment before the non-filing or non-payment are considered a default under the Proposal.

Employee Creditors

11. The Proven Claims, if any, of the Employee Creditors shall be paid immediately after the Effective Date.

Proposal for Unsecured Creditors

12. The Debtor shall pay to the Trustee the amount of \$330,000 (the "Proposal Proceeds") as



follows: i) \$225,000 in 14 equal instalments of \$16,071.42 on the first day of each month from June 1, 2025 - December 1, 2025 inclusive and June 1, 2026 – December 1, 2026 inclusive; and ii) \$105,000 in 7 equal instalments of \$15,000 on the first day of each month from June 1, 2027 – December 1, 2027 inclusive.

13. The Proposal Proceeds shall be distributed to Unsecured Creditors with Proven Claims as follows:
- a. An Unsecured Creditor may at the time of filing a Proof of Claim elect, in writing, to accept a distribution equal to the lesser of: (i) the amount of that Unsecured Creditor's Proven Claim; and (ii) \$2,000, in full and final satisfaction of its claim. All Unsecured Creditors who make such election shall be deemed to have voted in favour of the Proposal and shall be paid by no later than September 1, 2025;
 - b. All other Unsecured Creditors shall receive a pro-rata share of the remaining Proposal Proceeds.

Levy

14. Payments by the Trustee to any Creditor shall be net of any applicable levy payable to the Office of the Superintendent of Bankruptcy as required by the BIA.

Released Claims

15. If the Proposal is approved by the Creditors and the Court, the accrued and unpaid consulting fees owing to J9 Investments Ltd. in the amount of approximately \$500,000 according to the books and records of the Debtor shall be forever released and discharged.

Reorganization

16. The Approval Order, in addition to approval of this Proposal shall authorize and approve the filing, by the Debtor, of Articles of Reorganization pursuant to the OBCA which shall, among other things, amend the Articles of the Debtor, to the extent necessary, to implement those changes reflected in **Schedule "A"**.

Inspectors

17. (a) At the meeting of the Creditors to be held to consider the Proposal, or any subsequent meeting of Creditors, the said Unsecured Creditors may appoint one or more, but not exceeding five (5), persons to act as Inspectors, whose powers will be limited to:



- (i) advising the Trustee from time to time with respect to any matter that the Trustee may refer to them;
 - (ii) advising the Trustee concerning any dispute which may arise as to the validity of Claims of Creditors; and
 - (iii) authorizing an extension of the time and/or the amount of payments due from the Debtor to the Trustee pursuant to paragraphs 12 and 13 of the Proposal;
- (b) Any decision, direction or act of the Inspectors may be referred to the Court by the Trustee and the Court may confirm, reverse or modify the decision, direction or act and make such order as it thinks just.
- (c) The authority and term of office of the Inspectors will terminate upon the Performance of the Proposal by the Debtor.

Avoidance Proceedings

18. Sections 95 to 101 of the *Act* will not apply in respect of the Debtor of this Proposal.

Binding Effect

19. The provisions of this Proposal will be binding on the Creditors and the Debtor, and their respective heirs, executors, administrator, successors and assigns, upon Court approval of the Proposal.

Amendment

20. This Proposal may be amended by the Debtor with the consent of the Trustee at any time prior to the conclusion of the meeting of Creditors called to consider the Proposal, provided that any amendment made pursuant to this paragraph shall not reduce the rights and benefits given to the Creditors under the Proposal before any such amendment, except with their consent or further order of the court, and provided further that any and all amendments shall be deemed to be effective as of the Filing Date of the Proposal.

Claims against Directors of the Debtor

21. Any Claims against the Debtor by any Creditor that are also Claims against the directors of the Debtor that relate to obligations of the Debtor where directors are under any law liable in their capacity as directors for the payment of such obligations shall be and upon Court approval of this Proposal, are hereby compromised and released and forever discharged as



against the directors of the Debtor upon acceptance of this Proposal by the Creditors and approval by the Court.

Effect of Proposal Generally

22. As at 12:01 a.m. on the Effective Date, the treatment of all Claims under the Proposal shall be final and binding on the Debtor and all Creditors, (along with their respective heirs, executors, administrators, legal personal representatives, successors and assigns) and the Proposal shall constitute (i) a full, final and absolute settlement of all rights of the holders of the Claims affected hereby; and (ii) an absolute release and discharge of all indebtedness, liabilities and obligations of the Debtor of or in respect of such Claims.

Notices

23. Any notices or communication to be made or given hereunder shall be in writing and shall refer to this Proposal and may, subject as hereinafter provided, be made or given by personal delivery, by prepaid mail, by telecopier or other electronic transmission (except for Proofs of Claim which may only be sent by personal delivery, telecopier or registered mail) addressed to the respective parties as follows:

- a. if to the Debtor:

National Traffic Safety Management Inc.
2425 Matheson Blvd. E., Unit 751
Mississauga, Ontario, L4W 5K4

Attention: Michael Spencley

Telephone: 844-399-1010
Email: Michael@ntsminc.com

And to its counsel:

Chaitons LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Attention: Harvey Chaiton

Telephone: 416-218-1129
Email: Harvey@chaitons.com

- b. if to a Creditor, to the address, telecopier number or other electronic transmission for



such Creditor specified in the Proof of Claim filed by such Creditor or, if no Proof of Claim has been filed, to such other address or telecopier number at which the notifying party may reasonably believe that the Creditor may be contacted; and

c. if to the Trustee:

TDB Restructuring Limited
11 King St. W. Suite 700
Toronto ON M5H 4C7

Attention: Bryan Tannenbaum and Jeffrey Berger

Telephone: 416-238-5055 and 647-726-0496

Email: btannenbaum@tdbadvisory.ca and jberger@tdbadvisory.ca

or to such other address, telecopier number or other electronic transmission as any party may from time to time notify the others in accordance with this section. In the event of any strike, lock-out and other event which interrupts postal service in any part of Canada, all notices and communications during such interruption may only be given or made by personal delivery, by telecopier or other electronic transmission and any notice or other communication given or made by prepaid mail within the five (5) Business Day period immediately preceding the commencement of such interruption will be deemed not to have been given or made. All such notices and communications will be deemed to have been received, in the case of notice by telecopier or other electronic transmission or by delivery prior to 5:00 p.m. (local time) on a Business Day, when received or if received after 5:00 p.m. (local time) on a Business Day or at any time on a non-Business Day, on the next following Business Day and in to case of notice mailed as aforesaid, on the fifth (5th) Business Day following the date on which such notice or other communication is mailed. The unintentional failure to give a notice contemplated hereunder to any particular Creditor will not invalidate this Proposal or any action taken by any Person pursuant to this Proposal.

Foreign Currency Obligations

24. For purposes of this Proposal, Claims denominated in a currency other than Canadian funds will be converted to Canadian Dollars at the closing spot rate of exchange of the Bank of Canada on the Filing Date.

Applicable Law

25. This Proposal shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and shall be treated in all respects as an Ontario contract.



Non Severability

26. It is intended that all provisions of this Proposal shall be fully binding on and effective between all Persons named or referred to in this Proposal and in the event that any particular provision or provisions of this Proposal is or are found to be void, voidable or unenforceable for any reason whatever, then the remainder of this Proposal and all other provisions shall be void and of no force or effect.

Deeming Provisions

27. In this Proposal the deeming provisions are not rebuttable and are conclusive and irrevocable.

DATED at the City of Toronto, in the Province of Ontario this 6th day of January, 2025.

**NATIONAL TRAFFIC SAFETY MANAGEMENT
INC.**

Per: _____

Michael Spencley, President

SCHEDULE "A"

Class 2 Secured Creditors

Betty Copeland, 1555207 Ontario Inc. and J9 Investments Ltd., having secured claims in the aggregate principal amount of \$750,000, shall exchange their secured debt for 750,000 Class A Preferred Shares of the Debtor redeemable at \$1 per share and new Non-voting Common Shares representing 9% of the common share equity of the Debtor. Any accrued and unpaid interest on the secured claims shall be released for no additional consideration.

Unsecured Debenture Holders

The Unsecured Debenture Holders having an aggregate principal claim in the amount of \$1,500,000 shall exchange their debt for 1,500,000 new Class B Preferred Shares of the Debtor redeemable at \$1 per share and new Non-voting Common Shares representing 12% of the common share equity of the Debtor. Any accrued and unpaid interest on the secured claims shall be released for no additional consideration.

Existing Class A Shares

The existing Class A Shareholders shall exchange their Class A Shares for 1,000,000 new Class C Preferred Shares of the Debtor redeemable at \$1 per share and new Non-voting Common Shares representing 8% of the common share equity of the Debtor.

Existing Class B Shares

The existing Class B Shares will be cancelled for no additional consideration.

Accrued and Unpaid Consulting Fees

According to the books and records of the Debtor, J9 Investments Ltd., is owed \$500,000 for consulting fees related to the creation and financing of the Debtor. J9 Investments Ltd. will exchange their debt for 500,000 new Class D Preferred Shares redeemable at \$1 per share and new Non-voting Common Shares representing 4% of the common share equity of the Debtor. Any accrued and unpaid interest shall be released for no additional consideration.

Executive Management

J9 Investments Ltd. and the Spencley Family Trust (or as each may direct) shall be issued new



Voting Common Shares representing 33.5% each for an aggregate of 67% of the common share equity of the Debtor.

Distributions to Common Shareholders

The new Voting Common Shares and new Non-voting Common Shares shall rank equally on any distributions to the common shareholders.



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NATIONAL TRAFFIC SAFETY MANAGEMENT INC.,
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

Court File No.: BK-24-03064916-0031

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

ORDER

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