



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

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

DATE: June 18, 2024

NO. ON LIST: 4

TITLE OF PROCEEDING: NATIONAL TRAFFIC SAFETY MANAGEMENT INC. v. TDB
RESTRUCTURING LTD.

BEFORE: JUSTICE W.D. BLACK

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Laura Culleton	Counsel for National Traffic Safety Management Inc. (Debtor)	laurac@chaitons.com

For Defendant, Respondent, Responding Party:

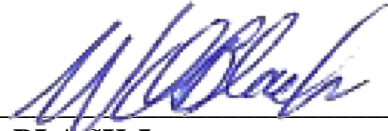
Name of Person Appearing	Name of Party	Contact Info
R. Alfieri	Fund Through	ralfieri@dickinson-wright.com
Bryan Tannenbaum	Proposal trustee	btannenbaum@tdbadvisory.ca
Jeff Berger		jberger@tdbadvisory.ca

ENDORSEMENT OF JUSTICE BLACK:

- [1] This is a motion by National Traffic Safety Management Inc. (the “Company” or the “Debtor”), for an order extending the time for it to file its proposal from June 19, 2024 to and including August 3, 2024.
- [2] The Company filed a Notice of Intention to File a Proposal (“NOI”) under the BIA on April 5, 2024. TDB Restructuring Inc. is the trustee in the NOI proceeding (the “Proposal Trustee”).

- [3] The Company is incorporated under the OBCA and is in the business of providing “end-to-end traffic management solutions to ensure construction and infrastructure workers are safe at job sites”. The Company operates throughout Ontario, and has long-term multi-year contracts in place with Aecon, Ellis-Don and West Quarter to provide traffic control services, as well as several short-term contracts.
- [4] The evidence in the record from the Company’s President and CEO Mr. Spencley, explains that the Company’s financial difficulties have resulted from working condition constraints caused by the pandemic, and “the diversion of approximately \$2,000,000 in sales and other assets by the Company’s former Vice-President Operations and his operations manager”. Mr. Spencley deposes that the Niagara Police Services has an investigation underway relative to the diversion of funds.
- [5] The Company has taken various steps to stop the losses, but, despite these measures, has continued to lose money since the start of fiscal 2024. It owes over \$2.4 million in secured debt and over \$4.7 million in unsecured debt.
- [6] On the positive side, the Company has recently been engaged by the City of Hamilton to provide traffic services, and by its client Aecon to provide traffic safety services for the Eglinton Crosstown LRT project.
- [7] The Company’s financial difficulties, as briefly summarized above, led it to file a proposal and initiate the NOI Proceeding, which it says was necessary to provide some stability to allow the Company to restructure.
- [8] Justice Cavanagh (on April 16, 2024 and May 3, 2024), and Justice Conway (on June 10, 2024), have approved certain interim financing arrangements for the Company, based on interim DIP financing from a non-arms-length party, J9 Investments Inc.
- [9] The Company advises that if the extension is granted, that will enable the Company to generate income from current projects and to pursue collection of accounts receivable.
- [10] However, as explained in the fourth report of the Proposal Trustee, the Company’s current cash on hand is sufficient only to allow it to continue operations for a few more days.
- [11] In the circumstances, the Company has been negotiating with various potential third-party lenders, and advises that it has an agreement in principle with an arms-length party, and that it is currently finalizing a term sheet relative to the proposed new financing.
- [12] The Company expects to return to court to seek approval of the term sheet in the near term, and the Proposal Trustee advises that it “understands that the New Financing Facility” will provide the Company with sufficient working capital to meet its ongoing, post-filing obligations and continue operations in the normal course.
- [13] It is evident to me that the Company, assisted by the Proposal Trustee, has been working in good faith and with due diligence, and that, if the pending financing is finalized – which appears likely based on the evidence before me – the Company can continue as a viable going concern.
- [14] Despite various debts that the Company owes to various creditors (including the CRA), there is no opposition evident to the Company’s request to extend the stay period, and, again, if the term sheet is finalized the extension, in my view, maximizes the prospects and benefits for all stakeholders.

[15] In the circumstances, I am prepared to grant the extension sought, and I am making the order in the form provided in the materials.

A handwritten signature in blue ink, appearing to read 'W.D. Black J.', is written above a horizontal line.

W.D. BLACK J.

DATE: JUNE 18, 2024