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

***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.**

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

**SEVENTH REPORT OF THE PROPOSAL TRUSTEE**

**February 10, 2025**

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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 the application for the approval of the Amended Proposal dated January 6, 2025 (“**Amended Proposal**”).
2. The Company filed a Notice of Intention to Make a Proposal (“**NOI**”) on April 5, 2024 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.
3. The Certificate of Filing, together with Court documents related to the NOI proceeding has been posted on the Proposal Trustee’s website (the “**Case Website**”) which can be found at:

<https://tdbadvisory.ca/insolvency-case/NTSM/>

### 1.1 Purpose of the Seventh Report to Court

4. The purpose of this report to Court (the “**Seventh Report**”) is to:
  - a) report on the results of the meeting of creditors held on October 10, 2024 (the “**First Meeting**”) to consider and vote on the Proposal dated September 19, 2024 (the “**Proposal**”);
  - b) summarize certain key terms of the Amended Proposal;
  - c) recommend that the Court approve the Amended Proposal, as approved by the creditors at the reconvened meeting of creditors held on January 22, 2025 (the “**Reconvened First Meeting**”) and to seek this Court’s approval of the Amended Proposal.



## **1.2 Terms of Reference**

5. In preparing this Seventh Report and making the comments herein, the Proposal Trustee has relied upon information from third-party sources (collectively, the **“Information”**), including the Company’s management. Certain of the information contained in the Seventh 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. Capitalized terms not defined herein have the meanings ascribed to them in the previous reports of the Proposal Trustee.
7. Unless otherwise stated, all dollar amounts contained in the Seventh Report are expressed in Canadian dollars.

## **2.0 BACKGROUND**

8. The details of NTSM’s background and the events leading up to the filing of the NOI can be found in the Affidavit of Michael Spencley sworn April 11, 2024. A copy of the Affidavit of Michael Spencley, without exhibits, is attached hereto as **Appendix “A”**.
9. On April 16, 2024, Justice Cavanagh approved a bridge interim financing loan (the **“Interim Financing Loan”**) in the amount of \$150,000 pursuant to a term sheet dated April 10, 2024, between the Company and a non-arm’s length party, J9 Investments Inc. (**“J9”**) to finance the Company’s working capital requirements and

general corporate purposes. As security for the Interim Financing Loan, J9 was granted a debtor-in-possession charge (the “**DIP Charge**”) in the amount of \$150,000.

10. On May 3, 2024, Justice Cavanagh approved the amended and restated DIP term sheet between the Company and J9 dated April 30, 2024, increasing the Interim Financing Loan to \$350,000. Further, Justice Cavanagh granted an Administration Charge, a Director’s Charge, and an increase to the DIP Charge in the following amounts and priority:
  - a) Administration Charge - \$100,000
  - b) Director’s Charge (first tranche) - \$100,000
  - c) Amended DIP Charge - \$350,000
  - d) Director’s Charge (second tranche) - \$250,000.
11. On June 10, 2024, Justice Conway approved the second amended and restated DIP term sheet between the Company and J9 dated June 6, 2024, increasing the Interim Financing Loan to \$550,000. Justice Conway also granted an increase to the DIP Charge to \$550,000.
12. On June 27, 2024, Justice Osborne approved a factoring facility (the “**Factoring Facility**”) in the amount of \$2,000,000 pursuant to a term sheet dated June 18, 2024 (the “**FundThrough Term Sheet**”), between the Company and an arm’s length party, FundThrough Inc. (“**FundThrough**”) to finance the Company’s working capital requirements and general corporate purposes. As security for the Factoring Facility, FundThrough was granted a debtor-in-possession charge (the “**FundThrough DIP Charge**”) on all Eligible Receivables (as defined in the FundThrough Term Sheet).

13. Additional information related to the Company, the court-ordered charges and the proposal proceedings is included in the reports to Court filed by TDB Restructuring Limited as Proposal Trustee and have been posted to the Case Website.
14. The Factoring Facility has provided the Company with sufficient working capital to meet its ongoing, post-filing obligations and continue operations in the normal course.
15. As of the date of this Seventh Report, the Company has obtained a financing commitment letter which will be used to pay Court ordered charges, refinance the FundThrough debt and provide sufficient working capital to continue its operations.

### **3.0 THE PROPOSAL AND AMENDED PROPOSAL**

#### **3.1 Notice of Intention**

16. On April 5, 2024, the Company filed an NOI with the Official Receiver.

#### **3.2 Proposal**

17. On the 19<sup>th</sup> day of September 2024, the Company, through the Proposal Trustee, filed the Proposal with the Official Receiver. A copy of the Proposal is attached hereto as **Appendix “B”**. The Proposal Trustee filed a copy of the Proposal with the Official Receiver also on the 19<sup>th</sup> day of September 2024.
18. A copy of the Company’s cash-flow statement for the period September 20, 2024 to December 20, 2024, and attestations of the Company and the Trustee pursuant to Section 50(6)(a) of the Bankruptcy and Insolvency Act (the **“BIA”**) were filed with the Official Receiver on the 29<sup>th</sup> day of January, 2025. Copies of the Company’s statement of projected cash flow and related documents are attached hereto as **Appendix “C”**.

19. The Proposal Trustee conducted an inquiry into the Company's assets, liabilities, conduct and the causes of the Company's insolvency. Based on information gathered from its inquiry, the Proposal Trustee prepared a Report of Trustee on Proposal dated October 1, 2024 (the "**Report to Creditors**"). A copy of the Proposal Trustee's Report to Creditors, is attached hereto as **Appendix "D"**.
20. On the 1<sup>st</sup> day of October 2024, the Proposal Trustee gave notice (the "**First Notice**") to the Company, the Office of the Superintendent of Bankruptcy (the "**OSB**") and to every known creditor affected by the Proposal that a general meeting of creditors was called for October 10, 2024 to consider the Proposal. A copy of the list of creditors that the First Notice was sent to is attached hereto as **Appendix "E"**.
21. The following documents were included with the First Notice:
  - a) the Report to Creditors;
  - b) the Company's condensed Statement of Affairs (the "**SOA**") setting out the Company's assets and liabilities as at October 1, 2024;
  - c) a list of creditors affected by the Proposal who have claims of \$250 or more and showing the amounts of their claims as at October 1, 2024;
  - d) a copy of the Proposal;
  - e) a Proof of Claim form and a blank proxy form;
  - f) a Voting Letter; and
  - g) a Convenience Creditor Election form.

(The above-noted documents are collectively referred to herein as the "**First Notice Mailing Package**").

A copy of the First Notice and the First Notice Mailing Package are attached hereto as **Appendix “F”**.

22. In order to attend the First Meeting and vote on the Proposal, creditors were required to submit a proof of claim to the Proposal Trustee.
23. Prior to the first meeting of creditors, the Proposal Trustee made further inquiries into the affairs of the Company and prepared its Additional Information to the Trustee’s Report to Creditors dated October 10, 2024 (the “**First Additional Report**”), pursuant to Section 50(5) of the BIA, which was tabled at the First Meeting held on October 10, 2024. A copy of the First Additional Report is attached hereto as **Appendix “G”**.
24. The First Meeting was convened virtually and at the office of the Proposal Trustee on the 10<sup>th</sup> day of October 2024, and was chaired by Mr. Jeffrey Berger of the Proposal Trustee’s Office. A copy of the minutes of the First Meeting, including the attendance sheet, is attached hereto as **Appendix “H”**.

### **3.3 Adjournment of First Meeting**

25. At the First Meeting, Canada Revenue Agency (“**CRA**”) sought an adjournment to further consider the Proposal.
26. A motion was made and a resolution passed adjourning the First Meeting pursuant to section 52 of the BIA to permit CRA to understand the terms of the Proposal in greater detail and negotiate the terms of the Proposal, if necessary.
27. The Reconvened First Meeting to consider and vote on the Amended Proposal was held on January 22, 2025 at the Proposal Trustee’s Office.

### **3.4 Amended Proposal**

28. Following several meetings and discussions between the Proposal Trustee and the CRA, the Company prepared the Amended Proposal.
29. A summary of the salient terms of the Amended Proposal is as follows

#### **Classes of Creditors**

The Company's Creditors is comprised of three (3) classes, as follows:

- a) Secured Creditors;
- b) Preferred Creditors; and
- c) Unsecured Creditors.

#### **Secured Creditors**

Secured Creditors shall continue to be paid in accordance with existing payment terms or as otherwise may be agreed between the parties.

#### **Preferred Creditors**

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.

#### **Unsecured Creditors**

The Company shall pay:

- a) \$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;

- b) \$105,000 in 7 equal instalments of \$15,000 on the first day of each month from June 1, 2027 – December 1, 2027, inclusive; and
- c) Unsecured creditors who have filed an election shall be paid a distribution equal to the lesser of: i) the amount of that unsecured creditors proven claim or ii) \$2,000 in full and final satisfaction of their claim by no later than September 1, 2025.

### **Tax Filings**

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 Amended Proposal.

- 30. On the 7<sup>th</sup> day of January 2025, the Company, through the Proposal Trustee, filed the Amended Proposal with the Official Receiver. A copy of the Amended Proposal is attached hereto as **Appendix “I”**.
- 31. The Trustee prepared a Supplemental Report dated January 8, 2025, to report on the adjournment of the First Meeting and describing the material changes between the Amended Proposal and the Proposal (the “**Supplemental Report**”). A copy of the Supplemental Report is attached hereto as **Appendix “J”**.
- 32. On the 8<sup>th</sup> day of January 8, 2025, the Proposal Trustee gave notice to the Company, to the OSB and to every known creditor affected by the Amended Proposal and whose names and addresses are shown in **Appendix “K”** attached hereto, that a reconvened meeting of creditors was called to consider and vote on the Amended Proposal (the “**Amended Notice**”).

33. The following documents were included with the Amended Notice:

- a) a copy of the Amended Proposal;
- b) a copy of the Supplemental Report;
- c) an unsigned 'blacklined' copy of the Amended Proposal which highlights the changes from the Proposal to the Amended Proposal (the "**Blacklined Proposal**");
- d) a Proof of Claim form and an amended proxy and/or voting letter (the "**Amended Proxy/Voting Letter**").

Copies of the Blacklined Proposal and the Amended Proxy/Voting Letter are attached hereto as **Appendix "L"**.

34. Prior to the Reconvened First Meeting, the Proposal Trustee made further inquiries into the affairs of the Company and prepared its second additional information to the Trustee's Report to Creditors dated January 22, 2025 (the "**Second Additional Report**"), pursuant to Section 50(5) of the BIA, which was tabled at the Meeting held on January 22, 2025. A copy of the Second Additional Report is attached hereto as **Appendix "M"**.

35. The Reconvened First Meeting was convened virtually and at the office of the Proposal Trustee on January 22, 2025, and was chaired by the Proposal Trustee. At the Reconvened First 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 favor of the Amended Proposal. However, for the purpose of determining whether the vote passed, the Proposal Trustee excluded these votes from the final tabulation. A copy of the minutes of the Reconvened First Meeting, including the attendance sheet, is attached hereto as **Appendix "N"**.



36. The creditors elected two individuals to act as inspectors.
37. On January 28, 2025, the Proposal Trustee sent a Notice of Hearing of Application for Court Approval to those creditors that had filed claims and the OSB. A copy of the affidavit of Jennifer Hornbostel is attached hereto as **Appendix “O”**.

#### **4.0 Release of Director Liability**

38. Pursuant to section 50(13) of the BIA, the Amended Proposal includes a release provision whereby, upon acceptance of the Amended Proposal and Court approval of the Amended Proposal, any claims by creditors against the Company’s directors that arise from obligations of the Company where the directors are liable in their capacity as directors, are compromised, released and forever discharged as against the directors.
39. The release does not include any claims that cannot be compromised or released by section 50(14) of the BIA. All creditors who voted in favour of the Amended Proposal, including CRA have consented to the inclusion of this term in the Amended Proposal.

#### **5.0 PROPOSAL TRUSTEE’S REVIEW AND OPINION**

40. Based on the Proposal Trustee’s review of the Company’s bank statements for the period of twelve months immediately preceding the filing date, and focusing on those transactions above \$10,000, the Proposal Trustee did not identify any transaction that, in its view, could be considered a preference or transfer at undervalue.
41. The Proposal Trustee is of the opinion that:
  - a) based on the information set out in the Statement of Estimated Realizations section of the Supplemental Report, the assets of the Company and their fair realizable values are as follows:

Asset <sup>1</sup>	Estimated Value (Low)	Estimated Value (High)
Cash	\$57,113	\$57,113
Accounts Receivable	\$510,119	\$680,159
Equipment, Machinery & Vehicles	\$1,539,750	\$2,053,000

The Proposal Trustee is of the opinion that net realizations from the Company's assets in a bankruptcy, after consideration of the Trustee in Bankruptcy's fees and disbursements, would not result in secured claims of approximately \$3,160,000 being repaid in full, and there would be no funds available for unsecured creditors; whereas the Amended Proposal would provide an estimated dividend of \$0.17 per dollar of proven claim.

b) the liabilities of the Company are as follows:

	Amount per SOA	Claims Filed as of January 22, 2025
Secured	\$ 3,160,526.00	\$2,063,510.65
Preferred	\$ 8,693.89	\$579,827.86
Unsecured	\$ 4,755,799.63	\$3,843,318.30

The liabilities noted in the SOA column of the table above are amounts declared by the Company, which include the Court Ordered Charges excluding the Administrative Charge. The Proposal Trustee has not reviewed or admitted the preferred creditor claims.

1. \_\_\_\_\_

<sup>1</sup> Please refer to the Supplemental Report of the Proposal Trustee for detailed notes on the assumptions used to determine the low and high estimated values.

42. The Proposal Trustee is also of the opinion that:

- a) the causes of the insolvency of the Company are as follows:
  - i. working condition constraints from the Covid-19 pandemic; and
  - ii. alleged mismanagement of funds by the Company's former Vice-President of Operations.
- b) The conduct of the Company is not subject to censure;
- c) The Proposal Trustee is not aware of any facts mentioned in Section 173 of the BIA may be proved against the Company.
- d) the Amended Proposal was made in good faith;
- e) the terms of the Amended Proposal are reasonable and will generally benefit the creditors of the Company; and
- f) the Amended Proposal will provide creditors with a greater recovery than a bankruptcy scenario.

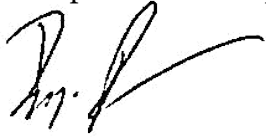
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43. Based on the above, the Proposal Trustee is of the opinion that the approval of the Amended Proposal will permit the creditors of the Company to maximize their recovery of the Company's indebtedness to them and respectfully recommends that this Court approve the Amended Proposal.

All of which is respectfully submitted to this Court as of this 10<sup>th</sup> day of February 2025.

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

Per:

A handwritten signature in black ink, appearing to read 'B. Tannenbaum', with a long, sweeping horizontal stroke extending to the right.

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

# **APPENDIX A**

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

**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**

**AFFIDAVIT OF MICHAEL SPENCLEY  
(sworn April 11, 2024)**

I, Michael Spencley, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am the President and Chief Executive Officer of National Traffic Safety Management Inc. (the “**Company**”). As such, I have knowledge of the matters to which I depose in this affidavit, save and except for such facts or matters which are stated to be based on information and belief, and where so stated, I believe same to be true.

2. This affidavit is sworn in support of a motion by the Company seeking an order approving the DIP Facility and granting the DIP Charge in favour of J9 Investments Inc.

**OVERVIEW OF THE COMPANY AND OPERATIONS**

The Company

3. The Company is a private company incorporated under the Ontario *Business Corporations Act* whose registered head office is located in Toronto, Ontario. Attached hereto as **Exhibit “A”** is a copy of the Corporate Profile Search.

### The Business

4. The Company is in the business of providing end-to-end traffic management solutions including traffic management solutions to ensure construction and infrastructure workers are safe at job sites. The Company operates throughout the province of Ontario.

5. The Company currently has 3 long-term multi-year contracts with Aecon, Ellis-Don and West Quarter to provide traffic control services. In addition to these long-term contracts, the Company has several short-term contracts (lasting a year or less). The Company usually has 4-8 of these short-term contracts going on at any one time.

### Employees

6. The Company currently employs approximately 25 hourly employees. Of these employees, only 5 are non-unionized. The Company also employs 8 salaried employees.

7. Unionized employees are members of Laborers' International Union of North America (“**LIUNA**”) and four local branches: Local 837; Local 183; Local 1059 and Local 506. On the 15<sup>th</sup> day of each month, the Company remits health benefits, pension benefits, 10% vacation pay and administrative fees to the respective Local, in arrears. Union dues are deducted from the wages of each employee and are remitted to the corresponding Local.

8. For the past two months, the Company’s weekly payroll for its hourly employees has been approximately \$20,000 to \$25,000. As the Company enters its busier time of year, it anticipates this payroll will increase to approximately \$80,000 per week. The Company’s payroll for its salaried employees is \$30,000, and is due every two weeks.

## **THE COMPANY’S CREDITORS**

### PPSA Registrations

9. I am advised by the Company’s insolvency counsel, Chaitons LLP, that 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 related equipment financed by Mercedes-Benz;
- (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 in respect of a secured loan;
- (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 secured 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” 1555207 Ontario Inc. is owed \$335,000;
- (f) Betty Copeland registered a financing statement on April 17, 2023 listing collateral classified as “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included”. Betty Copeland is owed \$200,000 in respect of a secured loan. Ms. Copeland is also owed approximately \$77,000 in unsecured debt.

A copy of the PPRS search results is attached hereto as **Exhibit “B”**.



### Other Liabilities

10. The Company is not current in respect of HST remittances. Approximately \$1,000,000 is owed to Canada Revenue Agency for HST arrears.
11. The Company owes \$17,000 to LIUNA Local 837 in respect of unremitted union dues.
12. The Company is current in respect of source deduction remittances.

### **CURRENT FINANCIAL POSITION**

13. The Company has suffered financially in the following respects:
  - (a) working condition constraints from the Covid-19 pandemic significantly reduced sales for 2021-2022; and
  - (b) the diversion of approximately \$2,000,000 in sales and other assets by the Company's former Vice-President Operations, and his operations manager to a new company. Both are currently being investigated by Niagara Police Services.
14. The Company is addressing these financial challenges by hiring a new commissioned, Sales Onboarding Manager. The Company has also offered a commission referral policy for all National employees as a way to incentivize current employees to stay with the business.
15. Despite these measures, the Company has incurred losses since the start of fiscal 2024, totalling approximately \$200,000. The Company's year end loss for 2023 is estimated to be \$500,000.
16. The Company currently owes a total of \$2,406,000 in secured debt and \$4,753,627.39 in unsecured debt.
17. Within the past two weeks, the Company was engaged by:
  - (a) the City of Hamilton to provide traffic services; and
  - (b) Aecon to provide traffic safety services at the Eglinton Crosstown LRT project.

## THE NOI PROCEEDING

18. As a result of the Company's financial difficulties, on April 5, 2024 (the "**Filing Date**"), the Company filed a Notice of Intention to File a Proposal ("**NOI**") under the Bankruptcy and Insolvency Act (the "**NOI Proceeding**"). The NOI filing was necessary to provide stability to the allow the Company to restructure.

19. TDB Restructuring Limited ("**TDB**") is the trustee in the NOI Proceeding (the "**Proposal Trustee**").

### Cash Flows

20. The Proposal Trustee has assisted the Company in preparing a cash flow forecast (the "**Cash Flow Forecast**") which sets out projected cash flows for the period ending July 5, 2024, 2024 (the "**Cash Flow Period**"), a copy of which I understand will be filed with the Court by the Trustee in connection with the Company's motion.

21. As set out in the Cash Flow Forecast, the Company is expected to have sufficient liquidity to operate to the end of the Cash Flow Period provided that it has access to interim financing. As reflected in the Cash Flow Forecast, without interim financing, the Company will run out of money by the week of April 15, 2024.

### DIP and Interim Financing

22. I have reviewed a term sheet for debtor-in-possession ("**DIP**") financing from a third party lender. The proposed terms pursuant to the term sheet are acceptable to the Company.

23. The proposed DIP lender is completing its due diligence process.

24. In the meantime, the Company requires additional funds to pay critical operating expenses including: payroll, fuel and rent.

25. J9 Investments Inc., an investor in the Company, has agreed to provide bridge DIP financing (the "**Interim DIP Loan**") which is to be repaid once the third party lender completes its due diligence, and the DIP facility from the third party lender is approved by the Court and

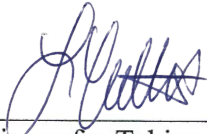
becomes available to the Company. A copy of the term sheet in respect of the Interim DIP Loan is attached hereto as **Exhibit “C”**.

26. The material terms of the Interim DIP Loan are as follows:

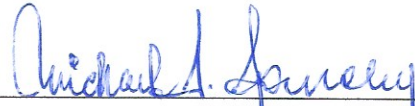
<b>Key Terms</b>	<b>Description</b>
Borrower	National Traffic Safety Management Inc.
Lender	J9 Investments Inc.
Facility	A super-priority, debtor-in-possession non-revolving demand credit facility up to a maximum principal amount of one hundred fifty thousand dollars \$150,000 (the “Facility”).
Interest 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.

27. There is a serious risk that the Company will not be able to provide safety services or a viable proposal if it does not receive interim financing. Employees may seek alternative employment if they are not paid on a timely basis.

**SWORN** remotely by Michael Spencley of  
the City of Toronto in the Regional  
Municipality of the Metropolitan of Toronto,  
before me at the City of Toronto in the  
Regional Municipality of Metropolitan  
Toronto, on April 11, 2024 in accordance with  
O. Reg. 431/20, Administering Oath or  
Declaration Remotely.



Commissioner for Taking Affidavits  
(or as may be)



Michael Spencley

**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

**AFFIDAVIT OF MICHAEL SPENCLEY  
(SWORN APRIL 11, 2024)**

**CHAITONS LLP**

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Toronto, ON M2N 7E9

**Harvey Chaiton** (LSO #21592F)

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

# **APPENDIX B**

**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**

**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 14 hereof;
- (l) **"Performance of the Proposal"** means the payment of the money pursuant to the provisions of paragraph 12 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 Proposal, dated September 19, 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.

**Employee Creditors**

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

**Proposal for Unsecured Creditors**

11. The Debtor shall pay to the Trustee the amount of \$225,000 less the amounts paid to the Unsecured Creditors pursuant to paragraph 11. a. below (the "**Proposal Proceeds**") in 14 equal instalments on the first day of each month commencing June 1, 2025 - December 1, 2025 and June 1, 2026 - December 1, 2026, for payment of the Proven Claims of Unsecured Creditors 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



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favour of the Proposal and shall be paid within three (3) months following the Effective Date;

- b. all other Unsecured Creditors shall receive a pro-rata share of the remaining Proposal Proceeds.

### Levy

- 12. 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

- 13. 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

- 14. 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

- 15. (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 paragraph 12 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**

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

### **Binding Effect**

17. 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**

18. 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**

19. 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**

20. 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 or the Debtor of or in respect of such Claims.

## Notices

21. 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](mailto:Michael@ntsminc.com)

And to its counsel:

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

**Attention: Harvey Chaiton**

Telephone: 416-218-1129  
Email: [Harvey@chaitons.com](mailto: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](mailto:btannenbaum@tdbadvisory.ca) and [jberger@tdbadvisory.ca](mailto: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**

22. 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**

23. 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**

24. 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**

DOC#11805306v8



25. 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 19<sup>th</sup> day of September, 2024.

**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

DOC#11805306v8



equity of the Debtor.

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**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.



# **APPENDIX C**

National Traffic Safety Management Inc.  
13-Week Cash Flow Forecast  
For the period ended December 20, 2024

	Note	27-Sep-24	4-Oct-24	11-Oct-24	18-Oct-24	25-Oct-24	1-Nov-24	8-Nov-24	15-Nov-24	22-Nov-24	29-Nov-24	6-Dec-24	13-Dec-24	20-Dec-24	Total
<b>Cash Receipts</b>															
Post-Filing A/R Collections	1	160,000	160,000	160,000	200,000	200,000	200,000	200,000	250,000	250,000	175,000	200,000	200,000	200,000	2,555,000
A/R Factoring	2	200,000	140,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	120,000	120,000	2,020,000
Total Receipts		360,000	300,000	320,000	360,000	360,000	360,000	360,000	410,000	410,000	335,000	360,000	320,000	320,000	4,575,000
<b>Cash Disbursements</b>															
Rent	3	-	6,667	-	2,000	-	6,667	-	2,000	-	-	6,667	-	2,000	26,001
Insurance	4	-	18,000	-	-	-	18,000	-	-	-	-	31,000	-	-	67,000
Vehicle Leases	5	-	61,000	-	-	-	36,000	25,000	-	-	-	61,000	-	-	183,000
Payroll & Benefits	6	129,000	79,625	112,000	80,000	185,000	117,800	80,000	112,000	80,000	229,000	91,000	92,000	60,000	1,447,425
Operating Costs	7	33,500	36,000	40,000	40,000	34,000	36,000	36,000	36,000	36,000	36,000	31,000	31,000	31,000	456,500
Professional Fees	8	25,000	-	-	-	-	50,000	-	-	-	-	50,000	-	-	125,000
Repayment - A/R Factoring	9	70,000	70,000	70,000	70,000	70,000	70,000	70,000	160,000	200,000	140,000	160,000	160,000	160,000	1,470,000
Interest & Fees	10	4,165	4,165	11,165	4,165	18,665	4,165	18,665	18,900	18,900	15,330	9,520	24,020	9,520	161,345
HST	11	-	67,409	-	-	-	85,375	-	-	-	69,008	-	-	-	221,793
Total Disbursements		261,665	342,866	233,165	196,165	307,665	424,007	229,665	328,900	334,900	489,338	440,187	307,020	262,520	4,158,064
<b>Cash - Opening</b>															
Cash - Opening		53,122	151,457	108,591	195,426	359,261	411,596	347,588	477,923	559,023	634,123	479,785	399,598	412,578	53,122
Net cash inflow/(outflow)		98,335	(42,866)	86,835	163,835	52,335	(64,007)	130,335	81,100	75,100	(154,338)	(80,187)	12,980	57,480	416,936
Cash - Closing		151,457	108,591	195,426	359,261	411,596	347,588	477,923	559,023	634,123	479,785	399,598	412,578	470,058	470,058

Notes

- 1 Management estimates that accounts receivable from post filing sales will be collected approximately 60 days after invoices are issued to customers.
- 2 The Company has arranged an accounts receivable factoring facility from FundThrough Inc. (the “Factor”) that will lend based on 80% of all post-filing accounts receivable balances. This forecast assumes that Factor will extend funds one-week subsequent to the week in which the respective sales are generated and invoices are issued to customers.
- 3 Rent is comprised of lease payments for the Company's Toronto and Niagara offices.
- 4 Insurance is comprised of property & liability insurance premiums payable by the Company during the forecast period, as well as accounts receivable insurance as required by the Factor.
- 5 Vehicle leases are for the Company's fleet of service vehicles that are used in operations.
- 6 Payroll includes head office salaries as well as hourly/contract worker wages. Benefits and union dues are also included in these amounts.
- 7 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.
- 8 Includes estimated fees and disbursements payable to the Proposal Trustee and its counsel, as well as the Company's counsel.
- 9 As at September 20, 2024 the amount outstanding to the Factor is \$490,000. It is assumed this will be paid back equally over seven weeks. Subsequently, the Company will be paying back the amounts advanced from the Factor seven weeks prior. (i.e. the \$200,000 advance from the Factor noted on the week of September 27, 2024 will be repaid 7 weeks later on November 22, 2024.)
- 10 Interest and fees relate to the A/R factoring facility and the terms contained therein. It also includes the repayment of the legal fees and interest related to the DIP Loan. Principal repayments are not considered at this time.
- 11 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.

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 20th day of September 2024, consisting of a cash flow projection for the 13-week period from September 20, 2024 to December 20, 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 20th day of September 2024.

TDB Restructuring Limited - Licensed Insolvency Trustee

Per:



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. Management estimates that accounts receivable from post filing sales will be collected approximately 60 days after invoices are issued to customers.
2. The Company has arranged an accounts receivable factoring facility from FundThrough Inc. (the "Factor") that will lend based on 80% of all post-filing accounts receivable balances. This forecast assumes that Factor will extend funds one-week subsequent to the week in which the respective sales are generated and invoices are issued to customers.
3. Rent is comprised of lease payments for the Company's Toronto and Niagara offices.
4. Insurance is comprised of property & liability insurance premiums payable by the Company during the forecast period, as well as accounts receivable insurance as required by the Factor.
5. Vehicle leases are for the Company's fleet of service vehicles that are used in operations.
6. Payroll includes head office salaries as well as hourly/contract worker wages. Benefits and union dues are also included in these amounts.
7. 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.
8. Includes estimated fees and disbursements payable to the Proposal Trustee and its counsel, as well as the Company's counsel.
9. As at September 20, 2024 the amount outstanding to the Factor is \$490,000. It is assumed this will be paid back equally over seven weeks. Subsequently, the Company will be paying back the amounts advanced from the Factor seven weeks prior. (i.e. the \$200,000 advance from the Factor noted on the week of September 27, 2024 will be repaid 7 weeks later on November 22, 2024.)
10. Interest and fees relate to the A/R factoring facility and the terms contained therein. It also includes the repayment of the legal fees and interest related to the DIP Loan. Principal repayments are not considered at this time.
11. 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.

Dated at the City of Toronto in the Province of Ontario, this 20th day of September 2024.

TDB Restructuring Limited - Licensed Insolvency Trustee

Per:



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 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) 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:





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

FORM 30  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

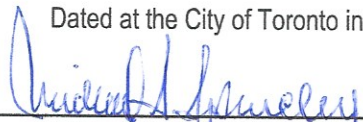
The Management of National Traffic Safety Management Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 20th day of September 2024, consisting of a cash flow projection for the 13-week period from September 20, 2024 to December 20, 2024.


The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 20th day of September 2024.

  
\_\_\_\_\_  
National Traffic Safety Management Inc.  
Debtor

  
\_\_\_\_\_  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer

Hypothetical Assumptions:

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

Probable Assumptions:

1. Management estimates that accounts receivable from post filing sales will be collected approximately 60 days after invoices are issued to customers.
2. The Company has arranged an accounts receivable factoring facility from FundThrough Inc. (the "Factor") that will lend based on 80% of all post-filing accounts receivable balances. This forecast assumes that Factor will extend funds one-week subsequent to the week in which the respective sales are generated and invoices are issued to customers.
3. Rent is comprised of lease payments for the Company's Toronto and Niagara offices.
4. Insurance is comprised of property & liability insurance premiums payable by the Company during the forecast period, as well as accounts receivable insurance as required by the Factor.
5. Vehicle leases are for the Company's fleet of service vehicles that are used in operations.
6. Payroll includes head office salaries as well as hourly/contract worker wages. Benefits and union dues are also included in these amounts.
7. 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.
8. Includes estimated fees and disbursements payable to the Proposal Trustee and its counsel, as well as the Company's counsel.
9. As at September 20, 2024 the amount outstanding to the Factor is \$490,000. It is assumed this will be paid back equally over seven weeks. Subsequently, the Company will be paying back the amounts advanced from the Factor seven weeks prior. (i.e. the \$200,000 advance from the Factor noted on the week of September 27, 2024 will be repaid 7 weeks later on November 22, 2024.)
10. Interest and fees relate to the A/R factoring facility and the terms contained therein. It also includes the repayment of the legal fees and interest related to the DIP Loan. Principal repayments are not considered at this time.
11. 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.

Dated at the City of Toronto in the Province of Ontario, this 20th day of September 2024.



National Traffic Safety Management Inc.

# **APPENDIX D**



**TDB Restructuring Limited**  
Licensed Insolvency Trustee

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

info@tdbadvisory.ca ✉  
416-575-4440 ☎  
416-915-6228 📠

[tdbadvisory.ca](http://tdbadvisory.ca)

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

**IN THE MATTER OF THE PROPOSAL OF NATIONAL TRAFFIC SAFETY  
MANAGEMENT INC.**

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

**REPORT OF TRUSTEE ON PROPOSAL**

**October 1, 2024**

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## 1.0 INTRODUCTION AND BACKGROUND

### 1.1 Introduction

1. On April 5, 2024, (the “**Filing Date**”), National Traffic Safety Management Inc. (“**NTSM**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (“**NOI**”) with the Official Receiver. The Company’s proposal under Part III, Division 1 of the *Bankruptcy and Insolvency Act* (Canada), R.S.C. 1985, c. B-3, as amended (the “**BIA**”), was filed with the Official Receiver on September 20, 2024 (the “**Proposal**”).
2. TDB Restructuring Limited (“**TDB**” or the “**Trustee**”) is the Trustee named in the Proposal.
3. Enclosed is a Notice of the Meeting of Creditors. The Meeting of Creditors is scheduled to be held on October 10, 2024 at 2:30 p.m. at the offices of the Trustee, located at 11 King St. West, Suite 700, Toronto, Ontario (the “**Meeting of Creditors**”). Creditors wishing to participate in the meeting virtually can do so by following the instructions set out in the Notice of Proposal to Creditors (the “**Notice**”), attached hereto.
4. The purpose of the Meeting of Creditors is to consider and vote on the Proposal.
5. In addition to the Notice, the following documents are enclosed:
  - a) the Proposal;
  - b) a condensed statement of the assets and liabilities of NTSM (the “**Condensed Statement**”);
  - c) a list of the Company’s creditors;
  - d) the Proof of Claim form;
  - e) the Voting Letter;
  - f) the General Proxy; and
  - g) the Convenience Creditor Election Form

6. This report (the “**Report**”) has been prepared by TDB in its capacity as Trustee to assist creditors in considering their position with respect to the Proposal being presented by NTSM.
7. The primary purpose of the Report is to:
  - a) provide background information concerning the Company, its financial situation, the cause of the Company’s financial difficulties and the changes proposed by the Company to improve the results of the Company’s business;
  - b) outline the terms of the Proposal;
  - c) compare the amounts distributable under the Proposal to Unsecured Creditors (as defined in the Proposal) if the Proposal is accepted by the Unsecured Creditors and approved by the Court, with the estimated distribution to Unsecured Creditors in the event the Proposal is not accepted by the Unsecured Creditors or is not approved by the Court, and NTSM is deemed to have made an assignment in bankruptcy; and
  - d) provide the Trustee’s recommendation to creditors with respect to the Proposal.
8. In preparing the Report and making the comments herein, the Trustee has relied upon information provided by the Company and/or obtained from third-party sources (collectively, the “**Information**”). Certain of the information contained in the Report may refer to, or is based on, the Information. Any future oriented financial information in this Report is based on management’s assumptions regarding future events; actual results may vary from this information and these variations may be material. As the Information has been provided by other parties, the Trustee has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the 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 CPA Canada Handbook and, accordingly, the Trustee expresses no opinion or other form of assurance in respect of the Information.



9. Unless otherwise stated, all dollar amounts contained in the Report are expressed in Canadian dollars.
10. Capitalized terms used in the Report are as defined in the Proposal, unless otherwise defined herein.
11. The Report should only be read in conjunction with the Proposal. If there are inconsistencies between the Report and the terms of the Proposal, the terms of the Proposal shall govern.
12. Information related to these proposal proceedings is posted on the Trustee's website at the following URL:

<https://tdbadvisory.ca/insolvency-case/ntsm/>

Additional information will be posted on the Trustee's website as that information becomes available.

## **1.2 Background**

13. The Company is a private company incorporated under the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16, whose registered head office is located in Toronto, Ontario. The Company is in the business of providing end-to-end traffic management solutions including traffic management solutions to ensure construction and infrastructure workers are safe at job sites. The Company has been in business since 2017, and has an average number of 25-30 employees and contractors. In peak season, the number of employees increases to approximately 70.
14. As of April 2024, the Company had incurred losses of approximately \$200,000, and the Company's estimated year-end loss for 2023 is approximately \$500,000.

## **2.0 FINANCIAL POSITION AND CAUSES OF DIFFICULTY**

15. As set out in the Affidavit of Michael Spencley sworn April 11, 2024, several factors contributed to the financial difficulties of NTSM, including:



- a) working condition constraints from the Covid-19 pandemic which significantly reduced sales between 2021-2022; and
  - b) the diversion of approximately \$2,000,000 in sales and other assets by the Company's former Vice-President Operations, and his operations manager to a new company. The alleged fraud is currently being investigated by Niagara Police Services, according to the Company.
16. The Company has hired a new director of operations and a new commissioned salesperson, and implemented a commission referral policy for all NTSM employees to incentivize current employees to remain with the Company. Further, senior management of the Company has voluntarily reduced its compensation by more than 50%.
17. The Company's shareholders are supportive of the Company's turnaround strategy and have provided additional funding to support NTSM's turnaround.

### **3.0 IDENTIFICATION AND EVALUATION OF ASSETS**

18. Included in the enclosed package is the Company's Condensed Statement.
19. According to the Condensed Statement, the Company's liabilities exceeded the Company's estimate of the realizable value of NTSM's assets by approximately \$4,750,000.
20. Summarized below is information with respect to the Company's assets set out on the Condensed Statement:
- a) the book value of the Company's realizable accounts receivable, net of a provision for doubtful accounts totaling \$200,000, is \$1,079,390. NTSM estimates that the collectible portion of the accounts receivable, if the Company is deemed to be bankrupt, is 75% of the realizable value, or \$809,542. The difference of \$269,847 represents the estimated cost to collect the accounts receivable as well as a provision for further uncollectable accounts; and

- b) the book value of the Company's equipment, machinery and vehicles is \$2,310,492 and is comprised primarily of trucks and road signs. The Company estimates, based on an appraisal it obtained, that the net realizable value of these assets is approximately \$2,053,000.
- c) the total estimated realizable value of all NTSM's assets as per the Condensed Statement is \$3,185,502, and the total secured claims are \$3,160,526. Accordingly, and once the costs of a bankruptcy are factored in, there would likely be no funds available for distribution to unsecured creditors in a bankruptcy. This is discussed in further detail below.

## **4.0 SUMMARY OF PROPOSAL**

- 21. Set out below is an overview of the terms of the Proposal. Creditors are strongly encouraged to read the Proposal in its entirety prior to voting on the Proposal as this Report is not a substitute for the Proposal. Creditors are also encouraged to discuss the terms of the Proposal with their legal counsel.

### **4.1 Overview of Proposal**

- 22. The Proposal is made to all the Creditors of the Company. The purpose of the Proposal is to restructure the affairs of the Company to enable NTSM's business to continue. The Company expects that stakeholders will derive a greater benefit from the continued operations of NTSM's business than would result from the immediate sale or forced liquidation of the Company's assets.

### **4.2 Classes of Creditors**

- 23. For the purposes of voting on this Proposal, the Company's Creditors is comprised of three (3) classes, as follows:
  - a) Secured Creditors;
  - b) Preferred Creditors; and
  - c) Unsecured Creditors.

### **4.3 Secured Creditors**

24. Paragraphs 3 – 6 of the Proposal state that payments to Secured Creditors shall be made in accordance with existing agreements between such Secured Creditors and NTSM as may be arranged between NTSM and the Secured Creditors. Payments will continue to be made directly from NTSM to the Secured Creditors.

### **4.4 Preferred Creditors**

25. 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.

### **4.5 Unsecured Creditors**

26. NTSM shall pay to the Trustee the amount of \$225,000 in fourteen (14) equal instalments on the first day of each month commencing June 1, 2025, to December 1, 2025 and June 1, 2026 to December 1, 2026, for payment of the Proven Claims of Unsecured Creditors 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 ("**Convenience Creditors**") shall be deemed to have voted in favour of the Proposal and shall be paid within three (3) months following the Effective Date; and
- b) all other Unsecured Creditors shall receive a pro-rata share of the remaining Proposal Proceeds (i.e. \$225,000 less payments to Convenience Creditors and OSB Levy).

### **4.6 Employee Creditors**

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

#### **4.7 Crown Priority Claims**

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

#### **4.8 Conversion of Certain Debt to Equity**

29. In accordance with Section 2 of the Proposal and Schedule "A" of the Proposal, the following debt will be converted to equity upon creditor acceptance and Court approval of the Proposal:

- a) 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 Company redeemable at \$1 per share, and new non-voting common shares representing 12% of the common share equity of the Company. Any accrued and unpaid interest owing with respect to the debentures shall be released for no additional consideration; and
- b) According to the books and records of the Company, J9 is owed \$599,825 for consulting fees related to the creation and financing of NTSM. J9 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 Company. Any accrued and unpaid interest shall be released for no additional consideration.

For clarity, the Unsecured Debenture Holders and J9 shall not participate in the distribution of Proposal Proceeds in respect of the amounts noted above.

#### **4.9 Funding of the Proposal**

30. As noted above, NTSM will pay fourteen (14) equal instalments on the first day of each month commencing June 1, 2025 to December 1, 2025 and June 1, 2026 to December 1, 2026 totaling \$225,000 (the "**Proposal Proceeds**") less the amounts paid to the Convenience Creditors, to be distributed by the Trustee in accordance with the distribution scheme set out in the Proposal. The Company has informed the Trustee

that the Proposal is to be funded from surplus cash generated by the Company's operations.

#### **4.10 Distribution of Proposal Funds**

31. The Proposal Proceeds will be distributed by the Trustee in the following order of priority:
  - a) firstly, to pay the Proven Claims of Preferred Creditors, if any, in accordance with the priority set out in Section 136 of the BIA;
  - b) secondly, to pay the Proven Claims of Unsecured Creditors in accordance with paragraph 11 (a) of the Proposal; and
  - c) lastly, the balance of the Proposal Proceeds to each Creditor who holds Proven Unsecured Claims in an amount equal to such Creditor's pro rata portion of such balance.
32. The Trustee will distribute funds to the Unsecured Creditors only after all instalments have been received. The expected timing for the first interim distribution is early 2026, and the final distribution will be paid in early 2027.

#### **4.11 Other Provision of the Proposal**

33. Payments and distributions to Creditors pursuant to the Proposal shall be paid net of any applicable Superintendent's Levy payable to the Office of the Superintendent of Bankruptcy pursuant to Section 147 of the BIA.
34. At the Meeting of Creditors to be held to consider the Proposal, creditors will be entitled to appoint up to five Inspectors, whose powers will be limited to:
  - a) advising the Trustee from time to time with respect to any matter that the Trustee may refer to them;
  - b) advising the Trustee concerning any dispute which may arise as to the validity of Claims of Creditors; and

- c) authorizing an extension of the time and/or the amount of payments due from the Debtor to the Trustee pursuant to paragraph 11 of the Proposal.
- 35. Upon full payment of the Proposal Proceeds, the Proposal will have been fully performed and the Trustee will issue to the Company the certificate referred to in section 65.3 of the BIA.
- 36. Any Claims against the Company by any Creditor that are also Claims against the directors that relate to the obligations of the Company for which the directors are liable by applicable law in their capacity as directors will to the extent permitted by the BIA, be released and forever discharged as against the directors upon the Court's approval of the Proposal.
- 37. The Trustee will not be responsible or liable for any obligations of the Company before, on or after the Filing Date and will be exempt from any personal liability in fulfilling any duties or exercising any powers conferred upon it by the Proposal, the BIA and at law, except for those acts resulting from the Trustee's gross negligence or willful misconduct.
- 38. Upon completion of payments in accordance with the terms of the Proposal, the Trustee will be entitled to apply for its discharge as Trustee.

#### **4.12 Timing and Process**

- 39. The timing of the Proposal is as follows:
  - a) the Meeting of Creditors to consider and vote on the acceptance or rejection of the Proposal is scheduled for 2:30 p.m. on October 10, 2024 at the offices of TDB, or virtually by following the instructions included in the Notice;
  - b) upon acceptance of the Proposal by the Creditors by a majority in number of the Creditors who actually vote upon the Proposal (in person or by proxy) at the Meeting or by a Voting Letter, representing at least two-thirds in value of the Proven Unsecured Claims of the Unsecured Creditors who actually vote upon the Proposal (whether in person or by proxy) at the Meeting of Creditors or by a

Voting Letter, an application will be made to the Court for an order approving the Proposal (the “**Application**”);

- c) the Court will set a date to hear the Application and a notice of the Court hearing will be sent to every creditor with a proven claim at least fifteen (15) days before the date of the hearing; and
- d) subject to Court approval of the Proposal and the expiry of all appeal periods in respect of the Approval Order, the Company will implement the Proposal.

#### **4.13 Voting on the Proposal**

- 40. To be eligible to vote at the Meeting of Creditors, each Creditor must properly complete the enclosed proof of claim and proxy form (if required) and file the completed forms with the Trustee prior to the commencement of the Meeting of Creditors.
- 41. Creditors who do not intend to vote either in person or by giving their proxy to a personal representative to vote on their behalf at the Meeting of Creditors, may cast their vote by completing the enclosed Voting Letter. The Voting Letter must be returned with a properly completed proof of claim prior to the commencement of the Meeting of Creditors. Votes cast by Voting Letter will then be counted at the Meeting of Creditors on the same basis as if the creditor was attending in person.
- 42. Unsecured Creditors having Claims greater than \$2,000 who wish to be an Unsecured Creditor pursuant to paragraph 11 (a) of the Proposal must file the Convenience Creditor Election Form prior to the commencement of the Meeting of Creditors. All Unsecured Creditors who make such election will be deemed to have voted in favour of the Proposal.
- 43. Creditors may return Proofs of Claim, Proxies and Voting Letters to the Trustee by hand delivery, mail, facsimile, or by email to the following email address: [nthurairatnam@tdbadvisory.ca](mailto:nthurairatnam@tdbadvisory.ca).
- 44. If the Proposal is not accepted by the creditors or is not approved by the Court, NTSM will be deemed to have filed an assignment in bankruptcy.

## 5.0 CONDUCT OF THE COMPANY

45. Sections 95 to 101 of the BIA and any other laws relating to preferences, or transfers at undervalue will not apply to the Proposal or to any payment or distributions made in connection with the restructuring of the Company, whether made before or after the Filing Date, including to any and all transactions contemplated by, or implemented pursuant to, the Proposal, or to which the Proposal is conditional or dependent upon.
46. In connection with the above provision of the Proposal, the Trustee has been informed by management of the Company that the Company has not conducted any transactions in the last 12 months that would be considered to be transfers at undervalue. The Company notes that its representation does not include any transactions completed by its former VP of Operations, as set out in section 15 (b) herein.
47. The Trustee is in the process of obtaining and reviewing the Company's bank statements for the period October 1, 2023 to September 30, 2024 for payments greater than \$10,000, and the Trustee will provide an update in the Trustee's report pursuant to Section 50(5) of the BIA that will be presented at the Meeting of Creditors (the "**Trustee's Meeting Report**").

## 6.0 CREDITOR CLAIMS

48. According to the Condensed Statement, the claims of the Creditors consist of:

Claim Classification	Balance per Condensed Statement
Secured	\$3,160,526
Preferred	\$8,693
Unsecured	\$4,755,800
Employee Priority Claims and Pension Priority Claims	\$nil
Total	\$7,925,019



60. According to the Condensed Statement, the parties which hold security over the Company's assets are:

- a) FundThrough Inc. ("**FT**"): FT is an 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). The amount outstanding to FT as at September 20, 2024 was \$490,000.
  - b) J9 Investments Ltd ("**J9**"): J9 is also an interim-financing lender pursuant to the Order of Justice Cavanagh dated April 16, 2024, which holds a court-ordered charge on all property and assets of NTSM. The amount outstanding to J9 is \$591,384, which represents a principal balance of \$540,000 plus accrued interest and fees.
  - c) Royal Bank of Canada ("**RBC**"): RBC holds a perfected general security agreement granting a security interest in all property and assets of NTSM to secure repayment of a HASCAP loan. The amount outstanding to RBC is \$187,500.
  - d) Daimler Truck Financial ("**DTF**"): DTF holds security on certain of NTSM's financed trucks/equipment. The amount outstanding to DTF is \$500,185.
  - e) Emkay Incorporated ("**Emkay**"): Emkay holds security on certain of NTSM's financed trucks/equipment. The amount outstanding to Emkay is \$737,841.
61. The Trustee will be obtaining an independent legal opinion on the validity and enforceability of the security held by FT, J9 and RBC from independent counsel. The Trustee anticipates that the legal opinion will be available prior to the Meeting of Creditors and the Trustee will provide an update in the Trustee's Meeting Report.
62. Unsecured Creditors are required to file a proof of claim form complete with supporting documentation in order to vote at the Meeting of Creditors and to receive a distribution from the Proposal Proceeds.
63. The Trustee notes that there are likely to be variances between amounts owing to Creditors per the Company's books and records and their respective Creditors'

records. The Trustee will review the Proofs of Claim filed and will provide additional information in respect of Proofs of Claim filed in the Trustee's Meeting Report.

## **7.0 PREVIOUS BUSINESS DEALINGS WITH THE COMPANY**

64. The Trustee has not provided previous services to NTSM prior to the filing of the NOI.

## **8.0 REMUNERATION OF THE TRUSTEE**

65. All fees and disbursements of the Trustee and its legal counsel will be paid directly by the Company. Pursuant to section 7 of the Proposal, any unpaid amounts shall be secured by the Administration Charge granted pursuant to the Order of Justice Cavanagh dated May 3, 2024, to the maximum aggregate amount of \$100,000.

## **9.0 OTHER**

66. The Company has advised that is not involved in any litigation as of the date of the Proposal.

## **10.0 STATEMENT OF ESTIMATED REALIZATION**

### **10.1 Proposal Accepted**

67. The Proposal is considered to be accepted by the Creditors if a majority in number of the Unsecured Creditors who actually vote on the Proposal (in person or by proxy or Voting Letter), representing at least two-thirds in dollar value of the Proven Claims of the Creditors who actually vote on the Proposal (in person or by proxy or Voting Letter), vote for the acceptance of the Proposal at the Meeting of Creditors. The Proposal will be binding on all Unsecured Creditors upon approval of the Proposal by the Court.

68. If the Proposal is accepted by the Company's Creditors, the Trustee estimates that the distribution to Unsecured Creditors with Proven Claims will be approximately \$0.11 per dollar of Proven Claim, calculated as follows:

Statement of Estimated Realizations	Estimated Realizable Value	Proposal	Bankruptcy		
			Low	High	
Cash	53,112	-	53,112	53,112	1
Accounts Receivable	1,079,390	-	809,542	1,079,390	2
Equipment, Machinery & Vehicles	2,053,000	-	1,539,750	2,053,000	3
Proposal Proceeds	-	225,000	-	-	
	3,185,502	225,000	2,402,404	3,185,502	
Less: Claims of Priority Creditors		-	-	-	
Less: Claims of Secured Creditors		-	(3,160,526)	(3,160,526)	
Less: Claims of Preferred Creditors		(8,693)	(8,693)	(8,693)	
Less: Professional Fees		-	(100,000)	(75,000)	
		(8,693)	(3,269,219)	(3,244,219)	
Estate Balance		216,307	(866,815)	(58,717)	
Levy to OSB		(11,250)	(62,500)	(62,500)	
Available for Distribution to Unsecured Creditors		205,057	-	-	
Total Unsecured Creditor Claims		4,755,800	4,755,800	4,755,800	
Less: Unsecured Debenture Holders		(2,314,958)	-	-	4
Less: J9 Accrued Consulting Fees		(599,825)	-	-	4
Eligible Unsecured Creditor Claims		1,841,017	4,755,800	4,755,800	
Dividend Yield		11%	0%	0%	

**Notes:**

1. The Cash balance represents the amount in the Company's bank account as at the date of the Proposal.
2. The Accounts Receivable represents the estimated realizable balance. The "low" scenario assumes that 75% of the total A/R is collectible in bankruptcy, net of doubtful accounts and collection fees.
3. Equipment, Machinery & Vehicles is based on appraisals and management's best estimate of the realizable value. The "low" scenario assumes that the realizable value in a bankruptcy would be 75% of the total estimated realizable value.
4. In accordance with Section 2 of the Proposal and Schedule "A" to the Proposal, the Unsecured Debenture Holders and accrued consulting fees will be converted to equity upon the creditors' acceptance and Court approval of the Proposal. Accordingly, these creditors will not have any claim against the Proposal Proceeds.

## 10.2 Proposal Not Accepted

69. If the Proposal is not accepted by the Creditors or, if accepted, is not approved by the Court, the Company will be deemed to have made an assignment in bankruptcy.
70. In the event of a bankruptcy, the Trustee estimates that the distribution to Unsecured Creditors with Proven Claims will be \$nil. This estimate is based on the Company's

assets and liabilities as set out in the Condensed Statement. For purposes of this estimate, the Trustee assumes that the value of the Company's assets will not change materially between the time the Condensed Statement was filed and the date that a bankruptcy may occur. The Trustee's estimate considered the following:

- a) according to the Condensed Statement and other information set out earlier in this report, the Company estimates that the net realizable value of its assets is \$3,185,502; and
  - b) the Company's indebtedness to its creditors having registered Security Agreements is \$3,160,526 (the "**Secured Indebtedness**"). In the Trustee's view, the realizable values of the Company's assets in a bankruptcy scenario will be insufficient to pay the Secured Indebtedness in full, and possibly by a material amount.
71. In summary, the Trustee estimates that the net realizations from the Company's assets in a bankruptcy, after consideration of the Trustee in Bankruptcy's fees and disbursements, would not result in secured claims being repaid in full, resulting in there not being any funds available for the Company's Unsecured Creditors.
72. The Trustee notes that in arriving at its conclusion set out above, the Trustee has assumed that the security held by FT, J9 and RBC is valid and enforceable. As noted earlier in this report, the Trustee has requested an independent legal opinion on the validity and enforceability of the security held by these creditors.
73. The Trustee will, in the Trustee's Meeting Report to be presented at the Meeting of Creditors, inform the creditors of the independent legal opinion. In the event that the opinion is that the security held by any or all of these creditors is not valid and enforceable, the Trustee will, as it considers necessary, update its comments on whether the Unsecured Creditors should accept the Company's Proposal.

## **11.0 PROPOSAL TRUSTEE RECOMMENDATION**

74. If the Proposal is accepted by the Creditors and approved by the Court, the Trustee estimates that there will be approximately \$205,057 available for distribution to

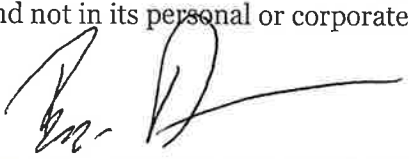
Unsecured Creditors with Proven Claims that will result in an estimated dividend payment of approximately \$0.11 per dollar of Proven Claim.

75. In the event of a bankruptcy of NTSM, the Trustee estimates that, based on the Company's assets set out on the Condensed Statement, and assuming the validity and enforceability of the security held by FT, J9 and RBC, there will be no funds available for distribution to the Unsecured Creditors.
76. Accordingly, based on the information contained in this Report, the Trustee recommends at this time that the Creditors vote to accept the Proposal to attempt to maximize their return from the Company's indebtedness to them.

Dated at Toronto, Ontario, the 1<sup>st</sup> day of October, 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 E**

Michael Spencley  
150 Bridgeland Avenue, Suite 202  
Toronto ON M6A 1Z5

1555207 Ontario Inc.  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

1855802 Ontario Ltd - JC Auto  
1348 Chippawa Creek Rd.  
Port Robinson ON L0S 1K0

407 ETR  
PO Box 407 STN D  
Scarborough ON M1R 5J8

Bateman's Tires  
8407 Stanley Ave. Unit #4  
Niagara Falls ON L2E 6X8

Bell Canada  
P.O. Box 9000  
North York ON M3C 2X7

Bell Internet Solution  
PO Box 1900  
North York ON M3C 2X7

Betty Copeland  
219 Dunvegan Rd  
Toronto ON M5P 2P3

Bickle Main Industrial Supply Inc.  
5964 Main Street  
Niagara Falls ON L2G 5Z8

Blue Water Holdings Inc. (Michael  
O'Flaherty)  
257 Elton Park Dr.  
Oakville ON L6J 4C3

Carquest Canada LTD 10  
6100 Thorold Stone Road  
Niagara Falls ON L2J 1A3

CRA  
London-Windsor Tax Services Office  
451 Talbot Street, 3rd Floor  
London ON N6A 4R3

Crescent Oil Company of Canada Ltd  
136 Cannon Street West  
Hamilton ON L8R 2B9

Daimler Truck Financial  
2680 Matheson Blvd. East, Suite 500  
Mississauga ON L4W 0A5

De Lage Landen - Niagara  
PO Box 4557 Stn A  
Toronto ON M5W 0K1

De Lage Landen 2233 Toronto  
PO Box 4557 Stn A  
Toronto ON M5W 0K1

Dell Financial Services Canada Limited  
PO Box 8751  
Toronto ON M5W 3C2

DIP Loan / J9 Investments  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Direct Office Solutions- Niagara  
225 The East Mall  
Toronto ON M9B 0A9

E.S Laredo Medicine Professional  
Corp.  
(Sheila Laredo) (Richard Marcovitz)  
318 Patricia Ave.

Emkay Canada Leasing Corp.  
55 Standish Court, Suite 440  
Mississauga ON L5R 4B2

Emkay Incorporated  
55 Standish Court, Suite 440  
Mississauga ON L5R 4B2

Ester Freelan  
PH #4 - 650 Briar Hill Ave  
Toronto ON

Full Circle Industrial Solutions Inc.  
5795 B Don Murie Street  
Niagara Falls ON L2G 0A9

FundThrough  
260 Spadina Avenue, Suite 400  
Toronto ON M5T 2E4

Gardiner Roberts LLP  
22 Adelaide Street West, Suite 3600  
Toronto ON M5H 4E3

Heather Driedger  
1378 Silversmith Dr.  
Oakville ON L6M 2X4

J.J Cole Financial Corp  
37 Croydon Rd  
Toronto ON M6C 1S6

J9 Developments Inc  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

J9 Investments Inc.  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

J9 Investments Inc.  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Janine Grossman  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Kingsway Arms Ottawa (10) Inc (Nili  
Karabel)  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

KRMC  
25 Sheppard Ave. W., #1100  
Toronto ON M2N 6S6

Liuna Local 183  
1263 Wilson Avenue Suite 302  
Toronto ON M6M 3G3

Liuna Local 837  
170 Jackson St. East  
Hamilton ON L8N 1L4

MESSER CANADA INC.  
P.O. BOX 15687, STATION A  
Toronto ON M5W 1C1

Michael Spencley  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Modern Landfill Inc.  
2025 Fruitbelt Pkwy  
Niagara Falls ON L2J 0A5

Montminy & Co.  
201 Santa Monica Blvd., Suite 480  
Santa Monica, CA 90401 USA

Niagara Truck Certification & Repair  
150 Bridgeland Ave  
Toronto ON M6A 1Z5

Nick's Truck Parts  
244 Dunkirk Rd.  
St. Catharines ON L2R 7K6

NRTS (Israel) LTD  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

NRTS (Israel) LTD  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

ProBattery Shops  
1874 Highway 20 East, Unit 8A  
Fonthill ON L0S 1E6

Regus  
2425 Matheson Blvd E. 8th Floor  
Mississauga ON L4W 5K4

Regus  
10 Milner Business Court Suite 300  
Scarborough ON M1B 3C6

Robert Howie  
1900 The Collegeway, unit #2003  
Mississauga ON L5L 5Y8

Royal Bank of Canada  
2 Bloor St. East, 2nd Floor  
Toronto ON M4W 1A8

Safety-Kleen Canada, Inc  
P.O. Box 15221, Station A  
Toronto ON M5W 1C1

Sewell's Automotive Supply  
1316625 Ontario Inc  
Niagara Falls ON L2H 1J1

Shareholder Loans - 1555207 Ontario  
Inc., Janine Grossman, Betty Copeland  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Silverback Traffic Solutions  
2055 Kottmeier Rd.  
Fonthill ON L0S 1E6

Stinson Equipment Ltd  
Stinson Owl-Lite  
130 Creditstone Road  
Concord ON L4K 1P2

Terbro Sales and Services Limited  
5795 Don Murie Street  
Niagara Falls ON L2G 0A9

Turbo MS Canada Inc  
3536 rue du Parc Industriel  
Jonquière QC G7X 9J3

VIMAN COMPUTER SERVICES INC.  
44 Fox Trail Drive  
ST. CATHARINES, ON L2S 3T8

Waste Connections of Canada  
464 Rennie  
Hamilton ON L8H 3P5

Wex Inc.  
PO Box 639  
Portland OR 04104 USA

WSIB  
200 Front Street West  
Toronto ON M5V 3J1



# **APPENDIX F**

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

FORM 92  
Notice of Proposal to Creditors  
(Section 51 of the Act)

Take notice that National Traffic Safety Management Inc. of the City of Mississauga in the Province of Ontario has lodged with me a proposal under the *Bankruptcy and Insolvency Act*.

A copy of the proposal, a condensed statement of the debtor's assets, and liabilities, and a list of the creditors affected by the proposal and whose claims amount to \$250 or more are enclosed.

A general meeting of the creditors will be held on the 10th day of October 2024 at 2:30 PM at 11 King Street W., Suite 700, Box 27, Toronto, ON or Microsoft Teams Meeting, Meeting ID: 262 236 706 273, Passcode: xt2UYp.

The creditors or any class of creditors qualified to vote at the meeting may by resolution accept the proposal either as made or as altered or modified at the meeting. If so accepted and if approved by the court the proposal is binding on all the creditors or the class of creditors affected.

Proofs of claim must be lodged with me prior to the commencement of the meeting.

Proxies and voting letters intended to be used at the meeting may be filed at any time up until the moment a vote is called.

Dated at the City of Toronto in the Province of Ontario, this 1st day of October 2024.

TDB Restructuring Limited - Licensed Insolvency Trustee



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11 King Street W., Suite 700, Box 27

Toronto ON M5H 4C7

Phone: (416) 575-4440 Fax: (416) 915-6228

(A form of proof of claim, a form of proxy and a voting letter should be enclosed with each notice.)

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

☐ Original

☒ Amended

Form 78

Statement of Affairs (Business Proposal) made by an entity  
(Subsection 49(2) and Paragraph 158(d) of the Act / Subsections 50(2) and 62(1) of the Act)

To the debtor:

You are required to carefully and accurately complete this form and the applicable attachments showing the state of your affairs on the date of the filing of your proposal (or notice of intention, if applicable), on the 5th day of April 2024. When completed, this form and the applicable attachments will constitute the Statement of Affairs and must be verified by oath or solemn declaration.

LIABILITIES

(as stated and estimated by the officer)

1. Unsecured creditors as per list "A" .....	4,755,799.63
Balance of secured claims as per list "B" .....	0.00
Total unsecured creditors .....	4,755,799.63
2. Secured creditors as per list "B" .....	3,160,526.00
3. Preferred creditors as per list "C" .....	8,693.89
4. Contingent, trust claims or other liabilities as per list "D" .....	0.00
estimated to be reclaimable for .....	
Total liabilities .....	7,925,019.52
Surplus .....	NIL

ASSETS

(as stated and estimated by the officer)

1. Inventory .....	0.00
2. Trade fixtures, etc. ....	0.00
3. Accounts receivable and other receivables, as per list "E"	
Good .....	1,079,389.70
Doubtful .....	0.00
Bad .....	0.00
Estimated to produce .....	1,079,389.70
4. Bills of exchange, promissory note, etc., as per list "F" ..	0.00
5. Deposits in financial institutions .....	0.00
6. Cash .....	53,112.00
7. Livestock .....	0.00
8. Machinery, equipment and plant .....	150,000.00
9. Real property or immovable as per list "G" .....	0.00
10. Furniture .....	0.00
11. RRSPs, RRIFs, life insurance, etc. ....	0.00
12. Securities (shares, bonds, debentures, etc.) .....	0.00
13. Interests under wills .....	0.00
14. Vehicles .....	1,903,000.00
15. Other property, as per list "H" .....	0.00

If debtor is a corporation, add:

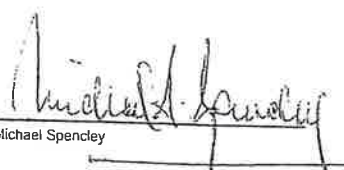
Amount of subscribed capital .....	0.00
Amount paid on capital .....	0.00
Balance subscribed and unpaid .....	0.00
Estimated to produce .....	0.00

Total assets .....	3,185,501.70
Deficiency .....	4,739,517.82

I, Michael Spencley, of the City of Toronto in the Province of Ontario, do swear (or solemnly declare) that this statement and the attached lists are to the best of my knowledge, a full, true and complete statement of the affairs of the Corporation on the 1st day of October 2024 and fully disclose all property of every description that is in my possession or that may devolve on me in accordance with the Act.

SWORN (or SOLEMNLY DECLARED) by Michael Spencley  
before me at the City of Toronto in the Province of Ontario, on this 1st day of October 2024.

  
Bryan Tannenbaum, Commissioner of Oaths  
for the Province of Ontario  
Expires March 6, 2027  
Bryan Allan Tannenbaum,  
Commissioner, etc., Province of Ontario,  
for TDB Restructuring Limited.  
Expires March 6, 2027.

  
Michael Spencley

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

FORM 92 --- Continued

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
1855802 Ontario Ltd - JC Auto	1348 Chippawa Creek Rd. Port Robinson ON L0S 1K0		593.25
407 ETR	PO Box 407 STN D Scarborough ON M1R 5J8		21,478.85
Bell Internet Solution	PO Box 1900 North York ON M3C 2X7		379.41
Betty Copeland	219 Dunvegan Rd Toronto ON M5P 2P3		77,165.26
Bickle Main Industrial Supply Inc.	5964 Main Street Niagara Falls ON L2G 5Z8		328.16
Blue Water Holdings Inc. (Michael O'Flaherty)	257 Elton Park Dr. Oakville ON L6J 4C3		154,330.50
Carquest Canada LTD 10	6100 Thorold Stone Road Niagara Falls ON L2J 1A3		598.78
CRA	London-Windsor Tax Services Office 451 Talbot Street, 3rd Floor London ON N6A 4R3	734539327RT0001	1,004,000.00
Crescent Oil Company of Canada Ltd	136 Cannon Street West Hamilton ON L8R 2B9		2,327.92
Daimler Truck Financial	2680 Matheson Blvd. East, Suite 500 Mississauga ON L4W 0A5	5001221274001	500,185.00
De Lage Landen - Niagara	PO Box 4557 Stn A Toronto ON M5W 0K1		506.55
De Lage Landen 2233 Toronto	PO Box 4557 Stn A Toronto ON M5W 0K1		441.58
Dell Financial Services Canada Limited	PO Box 8751 Toronto ON M5W 3C2		402.03
DIP Loan / J9 Investments	10 Milner Business Court #348 Scarborough ON M1B 3C6		540,000.00
Direct Office Solutions-Niagara	225 The East Mall Toronto ON M9B 0A9		368.00
E.S Laredo Medicine Professional Corp. (Sheila Laredo) (Richard Marcovitz)	318 Patricia Ave. Toronto ON M2R 2M5		308,661.02

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

FORM 92 --- Continued

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Emkay Canada Leasing Corp.	55 Standish Court, Suite 440 Mississauga ON L5R 4B2	NA501	737,841.00
Emkay Incorporated	55 Standish Court, Suite 440 Mississauga ON L5R 4B2		35,669.65
Ester Freelan	PH #4 - 650 Briar Hill Ave Toronto ON		77,165.26
Full Circle Industrial Solutions Inc.	5795 B Don Murie Street Niagara Falls ON L2G 0A9		5,316.65
FundThrough	260 Spadina Avenue, Suite 400 Toronto ON M5T 2E4		490,000.00
Gardiner Roberts LLP	22 Adelaide Street West, Suite 3600 Toronto ON M5H 4E3		27,738.48
Heather Driedger	1378 Silversmith Dr. Oakville ON L6M 2X4		540,156.78
J.J Cole Financial Corp	37 Croydon Rd Toronto ON M6C 1S6		38,582.63
J9 Developments Inc	10 Milner Business Court #348 Scarborough ON M1B 3C6		38,225.60
J9 Investments Inc.	10 Milner Business Court #348 Scarborough ON M1B 3C6		599,824.87
J9 Investments Inc.	10 Milner Business Court #348 Scarborough ON M1B 3C6		208,663.00
Janine Grossman	10 Milner Business Court #348 Scarborough ON M1B 3C6		771,652.54
Kingsway Arms Ottawa (10) Inc (Nili Karabel)	10 Milner Business Court #348 Scarborough ON M1B 3C6		169,763.56
KRMC	25 Sheppard Ave. W., #1100 Toronto ON M2N 6S6		2,019.88
Liuna Local 837	170 Jackson St. East Hamilton ON L8N 1L4		17,133.38
Michael Spencley	10 Milner Business Court #348 Scarborough ON M1B 3C6		390,763.00

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

FORM 92 --- Continued

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Modern Landfill Inc.	2025 Fruitbelt Pkwy Niagara Falls ON L2J 0A5		1,138.13
Montminy & Co.	201 Santa Monica Blvd., Suite 480 Santa Monica, CA 90401 USA		30,000.00
Niagara Truck Certification & Repair	150 Bridgeland Ave Toronto ON M6A 1Z5		4,418.64
Nick's Truck Parts	244 Dunkirk Rd. St. Catharines ON L2R 7K6		2,974.72
NRTS (Israel) LTD	10 Milner Business Court #348 Scarborough ON M1B 3C6		92,598.30
NRTS (Israel) LTD	10 Milner Business Court #348 Scarborough ON M1B 3C6		46,299.16
ProBattery Shops	1874 Highway 20 East, Unit 8A Fonthill ON L0S 1E6		3,857.66
Regus	2425 Matheson Blvd E. 8th Floor Mississauga ON L4W 5K4		2,025.89
Robert Howie	1900 The Collegeway, unit #2003 Mississauga ON L5L 5Y8		38,582.63
Royal Bank of Canada	2 Bloor St. East, 2nd Floor Toronto ON M4W 1A8	SRF #334394459	187,500.00
Safety-Kleen Canada, Inc	P.O. Box 15221, Station A Toronto ON M5W 1C1		3,298.87
Sewell's Automotive Supply	1316625 Ontario Inc Niagara Falls ON L2H 1J1		2,488.76
Shareholder Loans - 1555207 Ontario Inc., Janine Grossman, Betty Copeland	10 Milner Business Court #348 Scarborough ON M1B 3C6		705,000.00
Silverback Traffic Solutions	2055 Kottmeier Rd. Fonthill ON L0S 1E6		6,746.10
Stinson Equipment Ltd	Stinson Owl-Lite 130 Creditstone Road Concord ON L4K 1P2		1,027.03
Terbro Sales and Services Limited	5795 Don Murie Street Niagara Falls ON L2G 0A9		6,667.00

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

FORM 92 --- Concluded

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
VIMAN COMPUTER SERVICES INC.	44 Fox Trail Drive ST. CATHARINES, ON L2S 3T8		2,514.25
Wex Inc.	PO Box 639 Portland OR 04104 USA		23,167.00
WSIB	200 Front Street West Toronto ON M5V 3J1		2,047.91
Total			7,924,634.64

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

FORM 31  
Proof of Claim  
(Sections 50.1, 81.5, 81.6, Subsections 65.2(4), 81.2(1), 81.3(8), 81.4(8), 102(2), 124(2), 128(1),  
and Paragraphs 51(1)(e) and 66.14(b) of the Act)

All notices or correspondence regarding this claim must be forwarded to the following address:

\_\_\_\_\_  
\_\_\_\_\_

In the matter of the proposal of National Traffic Safety Management Inc. of the City of Mississauga in the Province of Ontario and the claim of \_\_\_\_\_, creditor.

I, \_\_\_\_\_ (name of creditor or representative of the creditor), of the city of \_\_\_\_\_ in the province of \_\_\_\_\_, do hereby certify:

1. That I am a creditor of the above named debtor (or I am \_\_\_\_\_ (position/title) of \_\_\_\_\_, creditor).

2. That I have knowledge of all the circumstances connected with the claim referred to below.

3. That the debtor was, at the date of proposal, namely the 5th day of April 2024, and still is, indebted to the creditor in the sum of \$\_\_\_\_\_, as specified in the statement of account (or affidavit) attached and marked Schedule "A", after deducting any counterclaims to which the debtor is entitled. (The attached statement of account or affidavit must specify the vouchers or other evidence in support of the claim.)

4. (Check and complete appropriate category.)

☐ A. UNSECURED CLAIM OF \$\_\_\_\_\_

(other than as a customer contemplated by Section 262 of the Act)

That in respect of this debt, I do not hold any assets of the debtor as security and  
(Check appropriate description.)

☐ Regarding the amount of \$\_\_\_\_\_, I claim a right to a priority under section 136 of the Act.

☐ Regarding the amount of \$\_\_\_\_\_, I do not claim a right to a priority.  
(Set out on an attached sheet details to support priority claim.)

☐ B. CLAIM OF LESSOR FOR DISCLAIMER OF A LEASE \$\_\_\_\_\_

That I hereby make a claim under subsection 65.2(4) of the Act, particulars of which are as follows:  
(Give full particulars of the claim, including the calculations upon which the claim is based.)

☐ C. SECURED CLAIM OF \$\_\_\_\_\_

That in respect of this debt, I hold assets of the debtor valued at \$\_\_\_\_\_ as security, particulars of which are as follows:  
(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

☐ D. CLAIM BY FARMER, FISHERMAN OR AQUACULTURIST OF \$\_\_\_\_\_

That I hereby make a claim under subsection 81.2(1) of the Act for the unpaid amount of \$\_\_\_\_\_  
(Attach a copy of sales agreement and delivery receipts.)



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

FORM 31 --- Concluded

- ☐ E. CLAIM BY WAGE EARNER OF \$ \_\_\_\_\_
- ☐ That I hereby make a claim under subsection 81.3(8) of the Act in the amount of \$ \_\_\_\_\_.
- ☐ That I hereby make a claim under subsection 81.4(8) of the Act in the amount of \$ \_\_\_\_\_.
- ☐ F. CLAIM BY EMPLOYEE FOR UNPAID AMOUNT REGARDING PENSION PLAN OF \$ \_\_\_\_\_
- ☐ That I hereby make a claim under subsection 81.5 of the Act in the amount of \$ \_\_\_\_\_.
- ☐ That I hereby make a claim under subsection 81.6 of the Act in the amount of \$ \_\_\_\_\_.
- ☐ G. CLAIM AGAINST DIRECTOR \$ \_\_\_\_\_

*(To be completed when a proposal provides for the compromise of claims against directors.)*

That I hereby make a claim under subsection 50(13) of the Act, particulars of which are as follows:

*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

- ☐ H. CLAIM OF A CUSTOMER OF A BANKRUPT SECURITIES FIRM \$ \_\_\_\_\_

That I hereby make a claim as a customer for net equity as contemplated by section 262 of the Act, particulars of which are as follows:  
*(Give full particulars of the claim, including the calculations upon which the claim is based.)*

5. That, to the best of my knowledge, I \_\_\_\_\_ (am/am not) (or the above-named creditor \_\_\_\_\_ (is/is not)) related to the debtor within the meaning of section 4 of the Act, and \_\_\_\_\_ (have/has/have not/has not) dealt with the debtor in a non-arm's-length manner.

6. That the following are the payments that I have received from, and the credits that I have allowed to, and the transfers at undervalue within the meaning of subsection 2(1) of the Act that I have been privy to or a party to with the debtor within the three months (or, if the creditor and the debtor are related within the meaning of section 4 of the Act or were not dealing with each other at arm's length, within the 12 months) immediately before the date of the initial bankruptcy event within the meaning of Section 2 of the Act: (Provide details of payments, credits and transfers at undervalue.)

7. (Applicable only in the case of the bankruptcy of an individual.)

- ☐ Whenever the trustee reviews the financial situation of a bankrupt to redetermine whether or not the bankrupt is required to make payments under section 68 of the Act, I request to be informed, pursuant to paragraph 68(4) of the Act, of the new fixed amount or of the fact that there is no longer surplus income.
- ☐ I request that a copy of the report filed by the trustee regarding the bankrupt's application for discharge pursuant to subsection 170(1) of the Act be sent to the above address.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Creditor

Phone Number: \_\_\_\_\_  
Fax Number : \_\_\_\_\_  
E-mail Address : \_\_\_\_\_

NOTE                      If an affidavit is attached, it must have been made before a person qualified to take affidavits.

WARNINGS:            A trustee may, pursuant to subsection 128(3) of the Act, redeem a security on payment to the secured creditor of the debt or the value of the security as assessed, in a proof of security, by the secured creditor.

Subsection 201(1) of the Act provides severe penalties for making any false claim, proof, declaration or statement of account.

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

FORM 36  
Proxy  
(Subsection 102(2) and paragraphs 51(1)(e) and 66.15(3)(b) of the Act)

I, \_\_\_\_\_, of \_\_\_\_\_, a creditor in the above matter, hereby  
appoint \_\_\_\_\_, of \_\_\_\_\_, to be  
my proxyholder in the above matter, except as to the receipt of dividends, \_\_\_\_\_ (with or without)  
power to appoint another proxyholder in his or her place.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

Per \_\_\_\_\_  
Name and Title of Signing Officer

Return To:

TDB Restructuring Limited - Licensed Insolvency Trustee

\_\_\_\_\_  
11 King Street W., Suite 700, Box 27  
Toronto ON M5H 4C7  
Fax: (416) 915-6228  
E-mail: [claims@tdbadvisory.ca](mailto:claims@tdbadvisory.ca)

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

FORM 37

Voting Letter  
(Paragraph 51(1)(f) of the Act)

I, \_\_\_\_\_, creditor (or I, \_\_\_\_\_, representative  
of \_\_\_\_\_, creditor), of \_\_\_\_\_, a creditor in the above matter  
for the sum of \$ \_\_\_\_\_, hereby request the trustee acting with respect to the proposal of National  
Traffic Safety Management Inc., to record my vote \_\_\_\_\_ (for or against) the acceptance of the  
proposal as made on the \_\_\_\_\_ day of \_\_\_\_\_.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

Per \_\_\_\_\_  
Name and Title of Signing Officer

Return To:  
TDB Restructuring Limited - Licensed Insolvency Trustee  
Per:

\_\_\_\_\_  
Bryan Tannenbaum - Licensed Insolvency Trustee  
11 King Street W., Suite 700, Box 27  
Toronto ON M5H 4C7  
Fax: (416) 915-6228  
E-mail: claims@tdbadvisory.ca

## CONVENIENCE CREDITOR ELECTION FORM

**TO: TDB Restructuring Limited, in its capacity as Proposal Trustee re National Traffic Safety Management Inc. ("NTSM")**

In connection with the Proposal of NTSM dated September 19, 2024 filed pursuant to the Bankruptcy and Insolvency Act (Canada) (the "**Proposal**"), the undersigned hereby irrevocably elects to be treated for all purposes under the Proposal as an Unsecured Creditor pursuant to paragraph 11. a) of the Proposal and thereby be entitled to receive, in accordance with the terms of the Proposal, the lesser of (i) \$2,000.00, and (ii) the amount of the undersigned's Proven Claim, in full and final satisfaction of the Proven Claim(s) of the undersigned. Furthermore, the undersigned hereby acknowledges that the undersigned shall be deemed to vote the full amount of its Proven Claim(s) in favour of the Proposal at the Meeting of Creditors.

For the purposes of this election, capitalized terms not defined herein shall have the meanings ascribed thereto in the Proposal.

DATED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Creditor Name

per: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Name & Title of Authorized Person

# **APPENDIX G**



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

**TDB Restructuring Limited**  
Licensed Insolvency Trustee

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

info@tdbadvisory.ca  
416-575-4440  
416-915-6228

[tdbadvisory.ca](http://tdbadvisory.ca)

**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**

**ADDITIONAL INFORMATION TO THE TRUSTEE'S REPORT TO CREDITORS  
pursuant to subsection 50(5)  
of the Bankruptcy and Insolvency Act ("BIA")**

1. This report provides additional information to the Trustee's report dated October 1, 2024 (the "Preliminary Report"), which was previously circulated to NTSM's creditors. This report should be read in conjunction with the Preliminary Report.

**A. FINANCIAL POSITION AND CAUSES OF DIFFICULTY**

2. The Preliminary Report outlines in detail the financial position of NTSM and the matters that gave rise to the Company's financial difficulties.
3. The Trustee has reviewed the results of the Company's operations since the date of the NOI, and compared them to the cash flow forecasts prepared by the Company. No material unexplained variances were noted by the Trustee.

## **B. IDENTIFICATION AND EVALUATION OF ASSETS**

4. The Preliminary Report includes details regarding the assets of the Company, as set out on the Statement of Affairs. The Company has advised the Trustee that the Company's financial position has not changed significantly since the date of the Preliminary Report, other than certain accounts receivable balances that have been collected.

## **C. CONDUCT OF THE COMPANY**

5. The Company has complied with all statutory obligations with respect to the Proposal to date.
6. The Trustee has reviewed the Company's bank accounts for the period October 1, 2023 to September 30, 2024 for all disbursements greater than \$10,000, and no payments appear to be outside of the normal course of operations.

## **D. DEVELOPMENTS SINCE THE PROPOSAL**

7. Not applicable.

## **E. POST-PROPOSAL DEBTS**

8. The Company has advised the Trustee that all debts incurred since the filing of the NOI have been, or will be, paid in the normal course.

## **F. CREDITORS' CLAIMS**

9. The claims filed by creditors as at 9:00 a.m. on October 10, 2024 are as follows:

	<b>Amount per SOA</b>	<b>Claims Filed as of October 10, 2024</b>
Secured	\$ 3,160,526.00	\$2,063,510.65
Preferred	\$ 8,693.89	\$579,827.86
Unsecured	\$ 4,755,799.63	\$3,843,318.30

## **G. STATEMENT OF ESTIMATED REALIZATIONS**

10. The Preliminary Report includes the Trustee's assessment of the estimated realizations for creditors. Nothing has come to the Trustee's attention that would cause the Trustee's initial assessment to materially change.

## **H. RECOMMENDATIONS AND SUMMARY**

11. Based on the information contained in the Preliminary report and this report, the Trustee recommends that the Proposal be accepted by the Company's creditors to allow them to maximize their return from the Company's indebtedness to them, since the amount available for distribution to creditors would be substantially higher in a Proposal than in a bankruptcy.

Dated at Toronto, Ontario, the 10<sup>th</sup> day of October, 2024.

### **TDB RESTRUCTURING LIMITED**

in its capacity as Trustee *re*: the Proposal of  
National Traffic Safety Management Inc., and not in its personal  
or corporate capacity

Per:



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



# **APPENDIX H**

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

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

**MINUTES OF THE FIRST MEETING OF CREDITORS**

MINUTES OF THE FIRST MEETING OF CREDITORS, held at the office of TDB Restructuring Limited and virtually via Microsoft Teams Meeting, the 10<sup>th</sup> day of October, 2024, at 2:30 P.M.

**ATTENDANCE**

Present were:

Bryan Tannenbaum  
Jeffrey Berger  
Nisan Thurairatnam  
Harvey Chaiton

Representing:

Trustee's representative  
Trustee's representative  
Trustee's representative  
Counsel to the Debtor

Via Videoconference:

Allan Grossman  
Michael Spencley

Debtor's Representative  
Debtor's Representative

The attached attendance list indicates the other attendees of the meeting.

**CALL TO ORDER**

Jeffrey Berger acted as Chair of the first meeting of creditors. Bryan Tannenbaum acted as Secretary.

The Chair advised the attendees of the meeting that a quorum of creditors was present and that the meeting was duly constituted. The Chair explained that the purpose of the meeting was to allow the creditors to consider the proposal of National Traffic Safety Management Inc. ("NTSM") and to accept or reject the proposal.

The following documents were tabled:

- The Proposal
- Affidavit of Mailing of the Notice of Proposal to Creditors
- List of Creditors
- Trustee's Report on the Proposal (the "Trustee's Report")
- Trustee's Report pursuant to S. 50(5) of the BIA (the "S. 50(5) Report")

### **TRUSTEE'S PRELIMINARY REPORT TO CREDITORS**

Prior to the meeting, the Trustee had sent to all known creditors of the debtor, the Trustee's report on the proposal.

The Trustee presented the attached S. 50(5) Report to creditors, and read through the report in its entirety.

The Chair asked those present if they had any questions on the Trustee's report, the S. 50(5) Report, or the Proposal.

The following questions were asked:

1. Have the police have been contacted regarding any potential fraud?
  - a. The Chair advised that the Trustee has not had any direct contact with the police.
2. Has the Trustee reviewed bank statements previous to the one-year period that was noted?
  - a. The Chair responded that the Trustee has not reviewed bank statements other than the period noted in the S. 50(5) report.
3. What are the Trustee's obligations to ensure fair market value transactions occurred?
  - a. The Chair responded that the Trustee has reviewed the bank statements for the past 12 months for transactions that occurred greater than \$10k, which is a standard practice. The Trustee further noted that any additional investigation would need to be undertaken at the request of creditors, and with the approval of the inspector(s) of the estate.
4. Why does the Proposal include payments for 14 months in a 24 month period, and not consistent payments over a term 60 months?
  - a. The Chair responded that in a corporate proposal, 60 months is very rare and that the NTSM put forward a proposal that it believes is the best for all creditors and stakeholders in the circumstances.

### **REQUEST TO ADJOURN MEETING TO VOTE ON THE PROPOSAL**

A representative of the CRA requested that the meeting to be adjourned in order for the CRA to understand the Proposal further. A motion to adjourn was made by Rene Tegelaar and seconded by Richard Marcovitz.

### **AFFIRMATION OF APPOINTMENT OR SUBSTITUTION**

A motion was made by Rene Tegelaar and seconded by Richard Marcovitz, that TDB Restructuring Limited be affirmed in its appointment as Licensed Insolvency Trustee for the administration of the proposal proceedings. It was unanimously resolved that TDB Restructuring Limited be affirmed in its appointment as Proposal Trustee.

### **APPOINTMENT OF INSPECTORS**

The Chair informed the meeting of the duties of an Inspector and the eligibility requirements provided by the Act.

Mr. Richard Marcovitz offered to act as Inspector for this estate, and others expressed an interest. It was noted that the appointment of inspectors would be addressed at the reconvened First Meeting of Creditors in due course.

### **INSTRUCTIONS TO THE TRUSTEE**

The Chair asked the creditors if they had any specific instructions for the Trustee with respect to the administration of the Estate.

There were no additional instructions given to the Trustee.

### **ADJOURNMENT**

A motion to adjourn the meeting was made by Rene Tegelaar and seconded by Richard Marcovit. The meeting was adjourned at 2:56 p.m.



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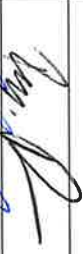
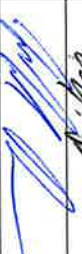



Chairperson – Jeffrey Berger



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Secretary – Bryan A. Tannenbaum

IN THE MATTER OF THE PROPOSAL OF  
NATIONAL TRAFFIC SAFETY MANAGEMENT INC.  
ATTENDANCE LIST – FIRST MEETING OF CREDITORS  
OCTOBER 10, 2024

No.	Signature	NAME (Print)	Representing (Name of creditor)	Proof of Claim Filed	Amount Filed	Amount Admitted
1		Bryan A. Tannenbaum	TDB Restructuring Limited, Trustee	N/A	N/A	N/A
2		Jeffrey Berger	TDB Restructuring Limited, Trustee	N/A	N/A	N/A
3		Nisan Thurairatnam	TDB Restructuring Limited, Trustee	N/A	N/A	N/A
4		Harvey Chaiton	Chaitons LLP, Counsel	N/A	N/A	N/A
5	Via Videoconference	Laura Culletton	Chaitons LLP, Counsel	N/A	N/A	N/A
6		Richard Morosy	E.S. Laredo Medical Professional Corp.	✓	376,801	
7	Via Videoconference	Michael Spencley	NTSM			
8	Via Videoconference	Alvin Grossman	NTSM			
9	Via Videoconference	Steven Hayes	NTSM			
10	Via Videoconference	Sheila Laredo	Creditor (Lorelle Morosy)	✓	376,801	

IN THE MATTER OF THE PROPOSAL OF  
NATIONAL TRAFFIC SAFETY MANAGEMENT INC.  
ATTENDANCE LIST – FIRST MEETING OF CREDITORS  
OCTOBER 10, 2024

No.	Signature	NAME (Print)	Representing (Name of creditor)	Proof of Claim Filed	Amount Filed	Amount Admitted
1	Via Videoconference	<i>Rene Tegelaar</i>	<i>CRA</i>			
2	Via Videoconference	<i>Alan Shiner</i>				
3						
4						
5						
6						
7						
8						
9						
10						

# **APPENDIX I**

**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(1)(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](mailto:Michael@ntsminc.com)


And to its counsel:

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

**Attention: Harvey Chaiton**

Telephone: 416-218-1129  
Email: [Harvey@chaitons.com](mailto: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](mailto:btannenbaum@tdbadvisory.ca) and [jberger@tdbadvisory.ca](mailto: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 6<sup>th</sup> 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.



# **APPENDIX J**

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

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

**SUPPLEMENTAL REPORT OF THE TRUSTEE**

1. The purpose of this Supplemental Report of the Trustee (the “**Trustee’s Supplemental Report**”) is to provide additional information to the creditors of the Company, as defined below, since the Report of the Trustee on Proposal dated October 1, 2024 (the “**Trustee’s Report on the Proposal**”) with respect to the proposal filed on October 1, 2024 pursuant to Part III of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) (the “**Original Proposal**”) by National Traffic Safety Management Inc. (the “**Company**”). The Company has now filed an amended Proposal on January 7, 2025 with the Office of the Superintendent of Bankruptcy (the “**Amended Proposal**”), details of which are also outlined herein.

**A. FINANCIAL POSITION AND CAUSES OF DIFFICULTY**

2. Refer to the Trustee’s Report on the Proposal.

**B. IDENTIFICATION AND EVALUATION OF ASSETS**

3. Refer to the Trustee’s Report on the Proposal.

**C. ADJOURNMENT OF GENERAL MEETING OF CREDITORS**

4. The general meeting of creditors (the “**General Meeting**”) to vote on the Original Proposal was held on October 10, 2024 at 2:30 p.m. at the offices of the Trustee located at 11 King St. W., Suite 700, Toronto, Ontario (the “**Trustee’s Office**”).

5. At the General Meeting, following questions raised by a creditor of the Company, the Trustee advised that the Company would work with the Trustee to address these questions and make amendments to the Original Proposal, as needed.
6. A motion was made and a resolution passed adjourning the General Meeting pursuant to section 52 of the BIA. The reconvened general meeting of creditors (the “**Reconvened General Meeting**”) to consider and vote on the Amended Proposal will be held on January 22, 2025 at 3:00 p.m. at the Trustee’s Office.

#### **D. FILING OF AMENDED PROPOSAL AND CHANGES MADE TO THE ORIGINAL PROPOSAL**

7. The Amended Proposal includes revisions to certain definitions and terms within the Original Proposal. It is important that Creditors read the Amended Proposal, including but not limited to the following more significant revisions (all capitalized terms not defined below shall have the meaning given to them in the Amended Proposal):
  - Section 10 –A new section has been added to confirm that the Company shall remain current with its tax filings for payroll, HST and corporate income tax returns, and that the Company will make any payments relating thereto 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.
  - Section 12 - the Proposal Proceeds have been increased from \$225,000 to \$330,000 by increasing the term of the proposal by one (1) year to three (3) years in total. The Proposal Proceeds will now be paid 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.
  - Section 13 – Unsecured creditors who have filed an election shall be paid by no later than September 1, 2025.

#### **E. CONDUCT OF THE COMPANY**

8. Refer to the Trustee's Report on the Proposal.

#### **F. DEVELOPMENTS SINCE THE PROPOSAL**

9. Not applicable.

#### **G. POST-PROPOSAL DEBTS**

10. The Company has advised the Trustee that all debts incurred since the filing of the proposal have been, or will be, paid in the normal course.

#### **H. CREDITORS' CLAIMS**

11. The claims filed by creditors as through January 6, 2025 are as follows:

	<b>Amount per SOA</b>	<b>Claims Filed as of January 6, 2025</b>
Secured	\$ 3,160,526.00	\$2,063,510.65
Preferred	\$ 8,693.89	\$586,250.97
Unsecured	\$ 4,755,799.63	\$3,883,649.78

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## I. STATEMENT OF ESTIMATED REALIZATIONS

12. The following summary sets out the Estimated Realizations in the Amended Proposal versus a Bankruptcy:

Statement of Estimated Realizations	Estimated Realizable Value	Proposal	Bankruptcy		
			Low	High	
Cash	57,113	-	57,113	57,113	1
Accounts Receivable	680,159	-	510,119	680,159	2
Equipment, Machinery & Vehicles	2,053,000	-	1,539,750	2,053,000	3
Proposal Proceeds	-	330,000	-	-	
	2,790,272	330,000	2,106,983	2,790,272	
Less: Claims of Priority Creditors		-	-	-	
Less: Claims of Secured Creditors		-	(3,160,526)	(3,160,526)	
Less: Claims of Preferred Creditors		(8,693)	(8,693)	(8,693)	
Less: Professional Fees		-	(100,000)	(75,000)	
		(8,693)	(3,269,219)	(3,244,219)	
Estate Balance		321,307	(1,162,236)	(453,947)	
Levy to OSB		(16,500)	(62,500)	(62,500)	
Available for Distribution to Unsecured Creditors		304,807	-	-	
Total Unsecured Creditor Claims		4,755,800	4,755,800	4,755,800	
Less: Unsecured Debenture Holders		(2,314,958)	-	-	4
Less: J9 Accrued Consulting Fees		(599,825)	-	-	4
Eligible Unsecured Creditor Claims		1,841,017	4,755,800	4,755,800	
Dividend Yield		17%	0%	0%	

**Notes:**

1. The Cash balance represents the amount in the Company's bank account as at the date of the Proposal.
2. The Accounts Receivable represents the estimated realizable balance. The "low" scenario assumes that 75% of the total A/R is collectible in bankruptcy, net of doubtful accounts and collection fees.
3. Equipment, Machinery & Vehicles is based on appraisals and management's best estimate of the realizable value. The "low" scenario assumes that the realizable value in a bankruptcy would be 75% of the total estimated realizable value.
4. In accordance with Section 2 of the Proposal and Schedule "A" to the Proposal, the Unsecured Debenture Holders and accrued consulting fees will be converted to equity upon the creditors' acceptance and Court approval of the Proposal. Accordingly, these creditors will not have any claim against the Proposal Proceeds.



### **Amended Proposal Accepted**

13. The Amended Proposal is considered to be accepted by the Creditors if a majority in number of the Unsecured Creditors who actually vote on the Amended Proposal (in person or by proxy or Voting Letter), representing at least two-thirds in dollar value of the Proven Claims of the Creditors who actually vote on the Amended Proposal (in person or by proxy or Voting Letter), vote for the acceptance of the Amended Proposal at the Meeting of Creditors. The Amended Proposal will be binding on all Unsecured Creditors upon approval of the Amended Proposal by the Court.
14. If the Amended Proposal is accepted by the Company's Creditors, the Trustee estimates that the distribution to Unsecured Creditors with Proven Claims will be approximately \$0.17 per dollar of Proven Claim.

### **Amended Proposal Not Accepted**

15. As set out in the Trustee's Report on the Proposal and as shown in the Statement of Estimated Realizations above, in the event that the Amended Proposal is not accepted by the creditors then there will be no distribution available for the preferred or unsecured creditors.

## **J. RECOMMENDATIONS AND SUMMARY**

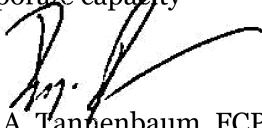
16. Based on the information contained in the Trustee's Report on the Proposal and the Trustee's Supplemental Report, the Trustee recommends that the Amended Proposal be accepted by the Company's creditors to allow them to maximize their return from the Company's indebtedness to them, since the amount available for distribution to creditors would be substantially higher in the proposal than in a bankruptcy.

Dated at Toronto, Ontario, the 8<sup>th</sup> day of January, 2025.

### **TDB RESTRUCTURING LIMITED**

Solely in its capacity as Trustee *re*: the Proposal of  
National Traffic Safety Management Inc., and not in its personal  
or corporate capacity

Per:

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

# **APPENDIX K**

Michael Spencley  
150 Bridgeland Avenue, Suite 202  
Toronto ON M6A 1Z5

1555207 Ontario Inc.  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

1855802 Ontario Ltd - JC Auto  
1348 Chippawa Creek Rd.  
Port Robinson ON L0S 1K0

407 ETR  
PO Box 407 STN D  
Scarborough ON M1R 5J8

Bateman's Tires  
8407 Stanley Ave Unit #4  
Niagara Falls ON L2E 6X8

Bell Canada  
P.O. Box 9000  
North York ON M3C 2X7

Bell Internet Solution  
PO Box 1900  
North York ON M3C 2X7

Betty Copeland  
~~219 Dunvegan Rd~~ via email  
Toronto ON M5P 2P3  
bettyhydehondacopeland@gmail.com

Bickle Main Industrial Supply Inc.  
5964 Main Street  
Niagara Falls ON L2G 5Z8

Blue Water Holdings Inc. (Michael  
O'Flaherty)  
257 Elton Park Dr.  
Oakville ON L6J 4C3

Carquest Canada LTD 10  
6100 Thorold Stone Road  
Niagara Falls ON L2J 1A3

CRA  
London-Windsor Tax Services Office  
451 Talbot Street, 3rd Floor  
London ON N6A 4R3

Crescent Oil Company of Canada Ltd  
136 Cannon Street West  
Hamilton ON L8R 2B9

Daimler Truck Financial  
2680 Matheson Blvd. East, Suite 500  
Mississauga ON L4W 0A5

De Lage Landen Financial Services  
Canada Inc.  
5046 Mainway, Unit 1  
Burlington ON L7L 5Z1

De Lage Landen Financial Services  
Canada Inc.  
5046 Mainway, Unit 1  
Burlington ON L7L 5Z1

Dell Financial Services Canada Limited  
PO Box 8751  
Toronto ON M5W 3C2

DIP Loan / J9 Investments  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Direct Office Solutions- Niagara  
225 The East Mall  
Toronto ON M9B 0A9

E.S Laredo Medicine Professional Corp.  
(Sheila Laredo) (Richard Marcovitz)  
318 Patricia Ave  
Toronto ON M2R 2M5

Emkay Canada Leasing Corp.  
55 Standish Court, Suite 440  
Mississauga ON L5R 4B2

Emkay Incorporated  
55 Standish Court, Suite 440  
Mississauga ON L5R 4B2

Ester Freelan  
PH #4 - 650 Briar Hill Ave  
Toronto ON

Full Circle Industrial Solutions Inc.  
5795 B Don Murie Street  
Niagara Falls ON L2G 0A9

FundThrough  
260 Spadina Avenue, Suite 400  
Toronto ON M5T 2E4

Gardiner Roberts LLP  
22 Adelaide Street West, Suite 3600  
Toronto ON M5H 4E3

Heather Driedger  
1378 Silversmith Dr.  
Oakville ON L6M 2X4

J.J Cole Financial Corp  
37 Croydon Rd  
Toronto ON M6C 1S6

J9 Developments Inc  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

J9 Investments Inc.  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

J9 Investments Inc.  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

J9 Investments Ltd.  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Janine Grossman  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Kingsway Arms Ottawa (10) Inc (Nili  
Karabel)  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

KRMC  
25 Sheppard Ave W., #1100  
Toronto ON M2N 6S6

Liuna Local 183  
1263 Wilson Avenue Suite302  
Toronto ON M6M 3G3

Liuna Local 837  
170 Jackson St. East  
Hamilton ON L8N 1L4

MESSER CANADA INC.  
P.O. BOX 15687, STATION A  
Toronto ON M5W 1C1

Michael Spencley  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Modern Landfill Inc.  
2025 Fruitbelt Pkwy  
Niagara Falls ON L2J 0A5

Montminy & Co.  
201 Santa Monica Blvd., Suite 480  
Santa Monica, CA 90401 USA

Niagara Truck Certification & Repair  
150 Bridgeland Ave  
Toronto ON M6A 1Z5

Nick's Truck Parts  
244 Dunkirk Rd.  
St. Catharines ON L2R 7K6

NRTS (Israel) LTD  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

NRTS (Israel) LTD  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

ProBattery Shops  
1874 Highway 20 East, Unit 8A  
Fonthill ON L0S 1E6

Regus  
2425 Matheson Blvd E. 8th Floor  
Mississauga ON L4W 5K4

Regus  
10 Milner Business Court Suite 300  
Scarborough ON M1B 3C6

Robert Howie  
1900 The Collegeway, unit #2003  
Mississauga ON L5L 5Y8

Royal Bank of Canada  
2 Bloor St. East, 2nd Floor  
Toronto ON M4W 1A8

Safety-Kleen Canada, Inc  
P.O. Box 15221, Station A  
Toronto ON M5W 1C1

Sewell's Automotive Supply  
1316625 Ontario Inc  
Niagara Falls ON L2H 1J1

Shareholder Loans - 1555207 Ontario  
Inc., Janine Grossman, Betty Copeland  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

Silverback Traffic Solutions  
2055 Kottmeier Rd.  
Fonthill ON L0S 1E6

Stinson Equipment Ltd  
Stinson Owl-Lite  
130 Creditstone Road  
Concord ON L4K 1P2

Terbro Sales and Services Limited  
5795 Don Murie Street  
Niagara Falls ON L2G 0A9

Turbo MS Canada Inc  
3536 rue du Parc Industriel  
Jonquière QC G7X 9J3

VIMAN COMPUTER SERVICES INC.  
44 Fox Trail Drive  
ST. CATHARINES, ON L2S 3T8

Waste Connections of Canada  
464 Rennie  
Hamilton ON L8H 3P5

Wex Inc.  
PO Box 639  
Portland OR 04104 USA

WSIB  
200 Front Street West  
Toronto ON M5V 3J1

Official Receiver  
Office of the Superintendent of  
Bankruptcy  
151 Yonge St, 4<sup>th</sup> fl  
Toronto ON M5C 2W7

Ministry of Finance  
Bankruptcy & Insolvency Unit  
33 King St W PO Box 627  
Oshawa ON L1H 8H5

Oxygen Working Capital  
Attn: John Levac  
141 Adelaide Street West, Suite 1800  
Toronto Ontario M5H 3L5

Department of Justice  
120 Adelaide St W Suite 400  
Toronto ON M5H 1T1

Shawinigan – Sud National Verification  
and Collection Centre, CRA  
4695 Shawinigan-Sud-Blvd.  
Shawinigan QC G9P 5H9

# **APPENDIX L**

**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 ~~14~~17 hereof;
- (l) **"Performance of the Proposal"** means the payment of the money pursuant to the provisions of ~~paragraph~~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 ~~September 19~~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. ~~10.~~ The Proven Claims, if any, of the Employee Creditors shall be paid immediately after the Effective Date.

## Proposal for Unsecured Creditors

12. ~~11.~~ The Debtor shall pay to the Trustee the amount of ~~\$225,000 less the amounts paid to the Unsecured Creditors pursuant to paragraph 11. a. below~~ 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 commencing from June 1, 2025 - December 1, 2025 inclusive and June 1, 2026 – December 1, 2026, for payment inclusive; and ii) \$105,000 in 7 equal instalments of \$15,000 on the Proven Claims of 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~~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 ~~within three (3) months following the Effective Date~~ by no later than September 1, 2025;
  - b. ~~all~~All other Unsecured Creditors shall receive a pro-rata share of the remaining Proposal Proceeds.

## Levy

14. ~~12.~~ 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. ~~13.~~ 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. ~~14.~~ 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. ~~15.~~ (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 ~~paragraph~~ 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. ~~16.~~ Sections 95 to 101 of the *Act* will not apply in respect of the Debtor of this Proposal.

## Binding Effect

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

## Amendment

20. ~~18.~~ 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. ~~19.~~ 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. ~~20.~~ 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. ~~21.~~ 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](mailto:Michael@ntsminc.com)

And to its counsel:

**Chaitons LLP**

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

**Attention: Harvey Chaiton**

Telephone: 416-218-1129  
Email: [Harvey@chaitons.com](mailto: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](mailto:btannenbaum@tdbadvisory.ca) and [jberger@tdbadvisory.ca](mailto: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. ~~22.~~ 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. ~~23.~~ 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. ~~24.~~ 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. ~~25.~~ 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 ~~19<sup>th</sup>~~ day of ~~September~~January, ~~2024~~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.

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

Proxy / Voting letter - Amended for Proposal Dated January 6, 2025

I, \_\_\_\_\_, of \_\_\_\_\_, a creditor in the above matter, hereby appoint \_\_\_\_\_, of \_\_\_\_\_, to be my proxyholder in the above matter, except as to the receipt of dividends, \_\_\_\_\_ (with or without) power to appoint another proxyholder in his or her place.

I, \_\_\_\_\_, creditor (or I, \_\_\_\_\_, representative of \_\_\_\_\_, creditor), of \_\_\_\_\_, a creditor in the above matter for the sum of \$ \_\_\_\_\_, hereby request the trustee acting with respect to the proposal of National Traffic Safety Management Inc., to record my vote \_\_\_\_\_ (for or against) the acceptance of the proposal as made on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Dated at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Individual Creditor

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Name of Corporate Creditor

Per \_\_\_\_\_  
Name and Title of Signing Officer

Return To:

TDB Restructuring Limited - Licensed Insolvency Trustee  
Per:

\_\_\_\_\_  
Bryan Tannenbaum - Licensed Insolvency Trustee  
11 King Street W., Suite 700, Box 27  
Toronto ON M5H 4C7  
Fax: (416) 915-6228  
E-mail: [claims@tdbadvisory.ca](mailto:claims@tdbadvisory.ca)

# **APPENDIX M**



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

**TDB Restructuring Limited**  
Licensed Insolvency Trustee

11 King St. W., Suite 700  
Toronto, ON M5H 4C7  
info@tdbadvisory.ca  
416-575-4440  
416-915-6228  
tdbadvisory.ca

**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**

**ADDITIONAL INFORMATION TO THE TRUSTEE'S REPORT TO  
CREDITORS  
pursuant to subsection 50(5)  
of the Bankruptcy and Insolvency Act ("BIA")**

1. This report provides additional information to the Trustee's report dated October 1, 2024 (the "**Preliminary Report**") and the Trustee's Supplemental Report dated January 8, 2025 (the "**Supplemental Report**") (together, the "**Reports**") which were previously circulated to NTSM's creditors. This report should be read in conjunction with the Preliminary Report and the Supplemental Report.

**A. FINANCIAL POSITION AND CAUSES OF DIFFICULTY**

2. The Reports outline in detail the financial position of NTSM and the matters that gave rise to the Company's financial difficulties.
3. The Trustee has reviewed the results of the Company's operations since the date of the NOI, and compared them to the cash flow forecasts prepared by the Company. No material unexplained variances were noted by the Trustee.

## **B. IDENTIFICATION AND EVALUATION OF ASSETS**

4. The Reports includes details regarding the assets of the Company, as set out on the Statement of Affairs. The Company has advised the Trustee that the Company's financial position has not changed significantly since the date of the Supplementary Report, other than certain accounts receivable balances that have been collected.

## **C. CONDUCT OF THE COMPANY**

5. The Company has complied with all statutory obligations with respect to the Proposal to date.
6. The Trustee has reviewed the Company's bank accounts for the period October 1, 2023 to September 30, 2024 for all disbursements greater than \$10,000, and no payments appear to be outside of the normal course of operations.

## **D. DEVELOPMENTS SINCE THE PROPOSAL**

7. The Company has been in the process of negotiating a new financing facility that will provide for:  
(i) the replacement of the current A/R factoring facility from Fundthrough, which was previously approved by the Court, on more favourable terms and (ii) an additional term loan of up to \$950,000 to fund working capital requirements. The intention of the Company is to finalize and implement the new financing facility as soon as practicable after Court approval of the Proposal (if granted).

## **E. POST-PROPOSAL DEBTS**

8. The Company has advised the Trustee that all debts incurred since the filing of the NOI have been, or will be, paid in the normal course.

## F. CREDITORS' CLAIMS

9. The claims filed by creditors as at 9:00 a.m. on January 22, 2025 are as follows:

	<b>Amount per SOA</b>	<b>Claims Filed as of January 22, 2025</b>
Secured	\$ 3,160,526.00	\$2,063,510.65
Preferred	\$ 8,693.89	\$579,827.86
Unsecured	\$ 4,755,799.63	\$3,843,318.30

## G. STATEMENT OF ESTIMATED REALIZATIONS

10. The Supplementary Report includes the Trustee's assessment of the estimated realizations for creditors. Nothing has come to the Trustee's attention that would cause the Trustee's initial assessment to materially change.

## H. RECOMMENDATIONS AND SUMMARY

11. Based on the information contained in the Reports and this report, the Trustee recommends that the Proposal be accepted by the Company's creditors to allow them to maximize their return from the Company's indebtedness to them, since the amount available for distribution to creditors would be substantially higher in a Proposal than in a bankruptcy.

Dated at Toronto, Ontario, the 22<sup>nd</sup> day of January, 2025.

### TDB RESTRUCTURING LIMITED

in its capacity as Trustee *re*: the Proposal of  
National Traffic Safety Management Inc., and not in its personal  
or corporate capacity

Per:



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



# **APPENDIX N**

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

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

**MINUTES OF THE FIRST RECONVENED MEETING OF CREDITORS**

MINUTES OF THE FIRST RECONVENED MEETING OF CREDITORS, held at the office of TDB Restructuring Limited and virtually via Microsoft Teams Meeting, the 22<sup>nd</sup> day of January, 2025, at 3:00 P.M.

**ATTENDANCE**

Present were:

Jeffrey Berger  
Bryan A. Tannenbaum  
Richard Marcovitz

Representing:

Trustee's representative  
Trustee's representative  
Proxy holder

Via Videoconference:

Nisan Thurairatnam  
Allan Grossman  
Michael Spencley  
Stephen Hayes  
Laura Culleton  
Rene Tegelaar  
John Levac

Trustee's representative  
Debtor's Representative  
Debtor's Representative  
Debtor's Representative  
Counsel to the Debtor  
Proxy holder  
Observer

**CALL TO ORDER**

Jeffrey Berger acted as chair (the "Chair") of the first reconvened meeting of creditors. Nisan Thurairatnam acted as Secretary. The meeting was called to order at 3:01pm.

The Chair advised the attendees of the meeting that a quorum of creditors was present and that the meeting was duly constituted. The Chair explained that the purpose of the meeting was to allow the creditors to consider the proposal of National Traffic Safety Management Inc. ("NTSM") and to accept or reject the proposal.

The following documents were tabled by the Chair:

- The Amended Proposal
- Affidavit of Mailing of the Notice of Amended Proposal to Creditors
- List of Creditors
- Supplemental Report on the Amended Proposal (the "Trustee's Report")
- Trustee's Report pursuant to S. 50(5) of the BIA (the "S. 50(5) Report")

### **TRUSTEE'S SUPPLEMENTAL REPORT TO CREDITORS**

Prior to the meeting, the Trustee had sent to all known creditors of the debtor, the Trustee's Report. The Trustee also advised the creditors that an amended proposal (the "Amended Proposal") had been prepared by the Company and a copy of the Amended Proposal had been provided in the aforementioned mailing.

The Trustee presented the Trustee's Report to creditors, and read through the report in its entirety.

The Trustee then presented the attached S. 50(5) Report to creditors, and read through the report in its entirety.

The Chair asked those present if they had any questions on the Trustee's Report, the S. 50(5) Report, or the Amended Proposal. There were no questions from the attendees.

### **VOTING ON THE PROPOSAL**

The Chair advised the attendees that prior to the meeting, the Trustee had received eight (8) voting letters, all in favour of accepting the Amended Proposal. The Trustee then asked two creditors who did not submit a vote to cast their vote in the meeting. The vote resulted in the acceptance of the proposal as the value of the claims voting for the proposal represented approximately 83% of the value of the claims voting, and a majority of total votes. The final vote tally was as follows:

	Creditors voting	% of Number of Creditors Voting	Value of Vote	% of Total Value Voting
Voting For the proposal	9	90%	\$1,868,999	83%
Voting Against the proposal	1	10%	\$394,419	17%
Total	10	100%	\$2,263,418	100%

As the creditors accepted the proposal, the Chair explained that the Trustee would now proceed with an application for Court approval within five (5) days, and notice of the approval hearing will be sent to all creditors with a proven claim at least 15 days prior to the hearing.

### **APPOINTMENT OF INSPECTORS**

The Chair informed the meeting of the duties of an Inspector and the eligibility requirements provided by the Act.

The Chair called for the nomination of candidates. Rene Tegelaar nominated his colleague Sabrina Missio to act as an inspector, and Richard Marcovitz volunteered to act as Inspector for this estate. It was unanimously resolved that Richard Marcovitz and Sabrina Missio be appointed as Inspectors of the Estate.

### **INSTRUCTIONS TO THE TRUSTEE**

The Chair asked the creditors if they had any specific instructions for the Trustee with respect to the administration of the Estate. There were no additional instructions given to the Trustee.

### **ADJOURNMENT**

A motion to adjourn the meeting was made by Rene Tegelaar and seconded by Richard Marcovitz. The meeting was adjourned at 3:29 p.m.



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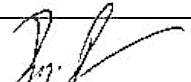
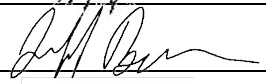

Chairperson – Jeffrey Berger



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Secretary – Nisan Thurairatnam

**IN THE MATTER OF THE PROPOSAL OF  
NATIONAL TRAFFIC SATEFY MANAGEMENT INC.  
ATTENDANCE LIST – FIRST MEETING OF CREDITORS (RECONVENED)  
JANUARY 22, 2025**

No.	Signature	NAME (Print)	Representing (Name of creditor)	Proof of Claim Filed	Amount Filed	Amount Admitted
1		Bryan A. Tannenbaum	TDB Restructuring Limited, Trustee	N/A	N/A	N/A
2		Jeffrey Berger	TDB Restructuring Limited, Trustee	N/A	N/A	N/A
3		Nisan Thuraiaratnam	TDB Restructuring Limited, Trustee	N/A	N/A	N/A
4		Laura Culleton	Chaitons LLP, Counsel	N/A	N/A	N/A
5		Allan Grossman	National Traffic Safety Management Inc.	N/A	N/A	N/A
6		Stephen Hayes	National Traffic Safety Management Inc.	N/A	N/A	N/A
7		Michael Spencley	National Traffic Safety Management Inc.	N/A	N/A	N/A
8		Rene Tegelaar	Canada Revenue Agency	Yes	\$1,003,888.37	\$1,003,888.37
9		Richard Marcovitz	ES Laredo Medicine Professional Corp	Yes*	\$394,419.00*	\$308,661.02*
10		John Levac	N/A – Observer	N/A	N/A	N/A

\*As of the meeting, the amount of this claim had not been determined conclusively by the Trustee. The Trustee allowed the full amount of the claim for voting purposes, noting that a portion of the claim was objected to and would be reviewed and admitted (or partially disallowed) in due course. The amount indicated in the “admitted” column represents the amount as set out in the Debtor’s books and records with respect to the debt owing to this creditor.

# **APPENDIX O**

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

**COURT OF ONTARIO  
SUPERIOR COURT OF JUSTICE  
IN BANKRUPTCY**

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

**AFFIDAVIT OF MAILING**

I, Jennifer Hornbostel, of the City of Toronto, in the Province of Ontario, make oath and say:

1. I am an Estate Administrator of TDB Restructuring Limited, the Trustee in the proposal of the estate of National Traffic Safety Management Inc ("NTSM") and as such have knowledge of the facts hereinafter deposed to;

2. THAT on January 28, 2025, I caused to be emailed or mailed by ordinary post to the known creditors of NTSM, a copy of the Notice of Hearing of Application for Court Approval of Proposal. This document is referred to herein as the "Notice". A true copy of the Notice is attached hereto marked as Exhibit "A". A list of creditors to whom the Notice was sent to, including the Office of the Superintendent of Bankruptcy is attached to this affidavit and marked as Exhibit "B".

**SWORN BEFORE ME** at the City of )  
Toronto, in the Province of Ontario )  
this 4<sup>th</sup> day of February 2025 )  
)

  
\_\_\_\_\_  
A Commissioner, etc.

  
\_\_\_\_\_

Jeffrey Kyle Berger,  
a Commissioner, etc., Province of Ontario,  
for TDB Restructuring Limited.  
Expires April 21, 2026.

**THIS IS EXHIBIT "A" REFERRED TO IN THE  
AFFIDAVIT OF JENNIFER HORNBOSTEL SWORN  
BEFORE ME THIS 4<sup>th</sup> DAY OF FEBRUARY 2025**

  
\_\_\_\_\_  
A Commissioner, etc.

**Jeffrey Kyle Berger,  
a Commissioner, etc., Province of Ontario,  
for TDB Restructuring Limited.  
Expires April 21, 2026.**



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

FORM 40.1  
Notice of Hearing of Application for Court Approval of Proposal  
(Paragraph 58(b) of the Act)

In Bankruptcy Court - Toronto.

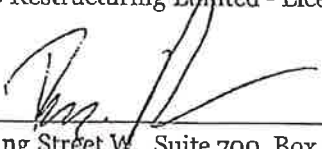
In the matter of the proposal of National Traffic Safety Management Inc., a debtor.

Take notice that an application will be made to the court, via Zoom videoconferencing, on the 20th day of February 2025, at 10:30 AM, to approve the proposal of National Traffic Safety Management Inc., accepted by the creditors at a meeting held on the 22nd day of January 2025.

If you would like a link to the meeting, please contact the Proposal Trustee at  
nthurairatnam@tdbadvisory.ca

Dated at the City of Toronto in the Province of Ontario, this 28th day of January 2025.

TDB Restructuring Limited - Licensed Insolvency

  
\_\_\_\_\_  
11 King Street W., Suite 700, Box 27  
Toronto ON M5H 4C7

Phone: (416) 575-4440 Fax: (416) 915-6228

**THIS IS EXHIBIT "B" REFERRED TO IN THE  
AFFIDAVIT OF JENNIFER HORNBOSTEL SWORN  
BEFORE ME THIS 4<sup>th</sup> DAY OF FEBRUARY 2025**



---

A Commissioner, etc.

Jeffrey Kyle Berger,  
a Commissioner, etc., Province of Ontario,  
for TDB Restructuring Limited.  
Expires April 21, 2026.

Michael Spencley  
150 Bridgeland Avenue, Suite 202  
Toronto ON M6A 1Z5

1855802 Ontario Ltd - JC Auto  
1348 Chippawa Creek Rd.  
Port Robinson ON L0S 1K0

407 ETR  
PO Box 407 STN D  
Scarborough ON M1R 5J8

Bateman's Tires  
8407 Stanley Ave. Unit #4  
Niagara Falls ON L2E 6X8

Bell Canada  
P.O. Box 9000  
North York ON M3C 2X7

Bell Internet Solution  
PO Box 1900  
North York ON M3C 2X7

Betty Copeland  
219 Dunvegan Rd  
Toronto ON M5P 2P3

Bickle Main Industrial Supply Inc.  
5964 Main Street  
Niagara Falls ON L2G 5Z8

Blue Water Holdings Inc. (Michael  
O'Flaherty)  
257 Elton Park Dr.  
Oakville ON L6J 4C3

Carquest Canada LTD 10  
6100 Thorold Stone Road  
Niagara Falls ON L2J 1A3

CRA  
London-Windsor Tax Services Office  
451 Talbot Street, 3rd Floor  
London ON N6A 4R3

Crescent Oil Company of Canada Ltd  
136 Cannon Street West  
Hamilton ON L8R 2B9

Daimler Truck Financial  
2680 Matheson Blvd. East, Suite 500  
Mississauga ON L4W 0A5

De Lage Landen Financial Services  
Canada Inc.  
5046 Mainway, Unit 1  
Burlington ON L7L 5Z1

Dell Financial Services Canada Limited  
PO Box 8751  
Toronto ON M5W 3C2

Direct Office Solutions- Niagara  
225 The East Mall  
Toronto ON M9B 0A9

E.S Laredo Medicine Professional  
Corp. (Sheila Laredo) (Richard  
Marcovitz)  
318 Patricia Ave. Toronto ON M2R 2M5

Emkay Canada Leasing Corp.  
55 Standish Court, Suite 440  
Mississauga ON L5R 4B2

Emkay Incorporated  
55 Standish Court, Suite 440  
Mississauga ON L5R 4B2

Ester Freelan  
PH #4 - 650 Briar Hill Ave  
Toronto ON

Full Circle Industrial Solutions Inc.  
5795 B Don Murie Street  
Niagara Falls ON L2G 0A9

FundThrough  
260 Spadina Avenue, Suite 400  
Toronto ON M5T 2E4

Gardiner Roberts LLP  
22 Adelaide Street West, Suite 3600  
Toronto ON M5H 4E3

Heather Driedger  
1378 Silversmith Dr.  
Oakville ON L6M 2X4

J.J Cole Financial Corp  
37 Croydon Rd  
Toronto ON M6C 1S6

Kingsway Arms Ottawa (10) Inc (Nili  
Karabel)  
10 Milner Business Court #348  
Scarborough ON M1B 3C6

KRMC  
25 Sheppard Ave. W., #1100  
Toronto ON M2N 6S6

Liuna Local 183  
1263 Wilson Avenue Suite 302  
Toronto ON M6M 3G3

Liuna Local 837  
170 Jackson St. East  
Hamilton ON L8N 1L4

MESSER CANADA INC.  
P.O. BOX 15687, STATION A  
Toronto ON M5W 1C1

Modern Landfill Inc.  
2025 Fruitbelt Pkwy  
Niagara Falls ON L2J 0A5

Montminy & Co.  
201 Santa Monica Blvd., Suite 480  
Santa Monica, CA 90401 USA

Niagara Truck Certification & Repair  
150 Bridgeland Ave  
Toronto ON M6A 1Z5

Nick's Truck Parts  
244 Dunkirk Rd.  
St. Catharines ON L2R 7K6

*ProBattery Shops*  
*1874 Highway 20 East, Unit 8A*  
*Fonthill ON L0S 1E6*

Regus  
2425 Matheson Blvd E. 8th Floor  
Mississauga ON L4W 5K4

Robert Howie  
1900 The Collegeway, unit #2003  
Mississauga ON L5L 5Y8

Royal Bank of Canada  
2 Bloor St. East, 2nd Floor  
Toronto ON M4W 1A8

Safety-Kleen Canada, Inc  
P.O. Box 15221, Station A  
Toronto ON M5W 1C1

Sewell's Automotive Supply  
1316625 Ontario Inc  
Niagara Falls ON L2H 1J1

Silverback Traffic Solutions  
2055 Kottmeier Rd.  
Fonthill ON L0S 1E6

Stinson Equipment Ltd  
Stinson Owl-Lite  
130 Creditstone Road  
Concord ON L4K 1P2

Terbro Sales and Services Limited  
5795 Don Murie Street  
Niagara Falls ON L2G 0A9

Turbo MS Canada Inc  
3536 rue du Parc Industriel  
Jonquière QC G7X 9J3

VIMAN COMPUTER SERVICES INC.  
44 Fox Trail Drive  
ST. CATHARINES, ON L2S 3T8

Waste Connections of Canada  
464 Rennie  
Hamilton ON L8H 3P5

Wex Inc.  
PO Box 639  
Portland OR 04104 USA

WSIB  
200 Front Street West  
Toronto ON M5V 3J1

Notice sent by Email

agrossmanconsulting@gmail.com;

michael@ntsminc.com;

bettydehondcopeland@gmail.com;

adriedger@deloitte.ca;

mark.freake@dentons.com



Government  
of Canada

Gouvernement  
du Canada

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# Update filing - update is confirmed

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## Estate Information

Please Note: The following estate(s) were updated:

- **Estate Number:** 31-3064916
- **Estate Name:** National Traffic Safety Management Inc.

## Document(s) submitted

The following document(s) have been successfully submitted

- Form 40.1: Notice of Hearing of Application for Court Approval of Proposal

## Reference

- The Reference Number for this transaction is: **23385099**.
- Submitted by Jennifer Hornbostel.
- 2025-01-28 13:05 EST

[Submit another document for this estate.](#)

If you would like to submit a document against a different estate, please click on the **Update** link in the left hand side menu.

**Date modified:** 2025-01-23

**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**

Court File No. BK-24-03064916-0031

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

Proceedings commenced at TORONTO

**MOTION RECORD**  
**(RETURNABLE FEBRUARY 20, 2025)**

**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.**