

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

THE HONOURABLE MADAM)	WEDNESDAY, THE 7 th
)	
JUSTICE DIETRICH)	DAY OF APRIL, 2021

**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ALLIED TRACK SERVICES INC., A CORPORATION
INCORPORATED UNDER THE LAWS OF ONTARIO**

**UNOFFICIAL TRANSCRIP OF THE ENDORSEMENT OF
THE HONOURABLE MADAM JUSTICE DIETRICH**

The applicant, Allied Track Services Inc., seeks approval and implementation of the highest and best offer in a court-sanctioned sale and investment solicitation process (the “SISP”) under the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3 (the “BIA”). It seeks an Approval and Vesting Order: a) approving the sale transaction contemplated in the Sale Agreement dated April 1, 2021, and vesting in the purchaser, the applicant’s right title and interest in the purchased assets; b) upon closing, assigning and transferring the obligations of the applicant under certain contracts to the purchaser; c) approving an amendment to the DIP Loan Agreement authorizing an increase to the DIP Lender’s charge; and d) authorizing the Proposal Trustee to file an assignment in bankruptcy on behalf of the applicant and to act as the trustee in bankruptcy.

The applicant’s motion is unopposed. Counsel confirmed that all parties on the service list have been served with the materials, including the latest draft of the order sought. The Proposal Trustee is supportive of the Sale Agreement and transaction to be approved, and believes that they will achieve the best possible outcome for the applicant’s stakeholders.

I have reviewed the process that culminated in the sale transaction, including the SISP. A process summary was sent to 106 prospective bidders, some of which entered into non-disclosure agreements and some of them engaged in discussions with the applicant’s management team. None of the bids made would satisfy the debt of the senior secured lender. In accordance with the SISP, the Stalking Horse bid was the successful bid. The Proposal Trustee reports that the Sale

Agreement and transaction are superior to all of the non-compliant bids received in the SISP and will ensure that the applicant's business will continue as a going-concern for the benefit of its stakeholders, including its vendors and approximately 95 employees. According to the Trustee report, the applicant's stakeholders will benefit from a greater recovery than would have been achieved in a liquidation or bankruptcy.

The Proposal Trustee will hold an amount in escrow to preserve the asserted priority claim of one of the applicant's creditors pending a final determination of that claim or a further court order.

The Proposal Trustee supports the proposed assignment of the assigned contracts. I am satisfied that the purchaser, which will continue the applicant's ordinary course operations, is equipped to perform the applicant's obligations under the assigned contracts.

The Proposal Trustee supports an increase to the DIP Lender's charge, which is a condition precedent to the proposed DIP amendment. I am satisfied that the proposed DIP amendment is necessary to ensure liquidity to complete the transaction, to continue ordinary course operations, and to avoid an event of default.

Permitting the Proposal Trustee to assign the applicant into bankruptcy, and permitting it to act as trustee in bankruptcy, is prudent in the circumstances. Should a bankruptcy become desirable or necessary, the Proposal Trustee will be positioned to take the necessary steps under the BIA.

I am satisfied that the Soundair principles have been met in this case and that the Sale Agreement and the transaction should be approved. The Approval and Vesting Order will facilitate the implementation of the transaction and provide flexibility to conclude these proceedings.

The Approval and Vesting Order shall go in the form of the draft attached hereto and signed by me. The Order is effective as of today's date and it does not need to be entered.

The Honourable Madam Justice Dietrich