

Bankruptcy Court File No. BK-24-03162387-0031
Estate No. 31-3162387

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF CANCOM SECURITY INC. OF THE CITY OF TORONTO IN THE PROVINCE
OF ONTARIO**

**FACTUM OF THE COMPANY
(RE: STAY EXTENSION ORDER)**

December 24, 2024

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TO: THE SERVICE LIST

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PART I – OVERVIEW

1. On December 5, 2024, the Company filed a Notice of Intention to Make a Proposal (“**NOI**”) under the BIA. Dodick Landau Inc. was appointed as Proposal Trustee under the NOI (in such capacity, the “**Proposal Trustee**”).
2. This factum is filed in support of the Company’s motion seeking an order (the “**Stay Extension Order**”) that, among other things:
 - (a) extends the time to file a proposal pursuant to Section 50.4(9) of the, from January 4, 2025 to February 18, 2025;
 - (b) grants a first-ranking priority charge against the assets, property, and undertakings (the “**Property**”) of the Company (“**Administration Charge**”), in the maximum amount of \$100,000, as security for the payment of the professional fees and disbursements incurred and to be incurred by the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company, in connection with this proceeding; and
 - (c) authorizes the Company, with the written approval of the Proposal Trustee, to pay up to the maximum cumulative amount of \$262,000.00 owing to the list of suppliers, appended at Schedule “A” of the Stay Extension Order (the “**Critical Suppliers**”), for goods or services actually supplied to the Company prior to December 5, 2024 if, in the opinion of the Company, such payment is necessary to maintain the uninterrupted operations of the Business (as defined herein); and
 - (d) approves the First Report of the Proposal Trustee, to be filed (the “**First Report**”).
3. The purpose of the NOI proceeding is to provide the Company with the necessary

breathing room to evaluate refinancing options with Toronto-Dominion Bank (“**TD Bank**”), formulate a viable proposal for its other creditors and exit the NOI proceedings with a positive cash flow.

4. The Proposal Trustee is supportive of the requested relief. The Company is presently unaware of any opposition to the requested relief.

PART II – FACTS

A. Background of the Company

5. The Company is a First Nation owned business that provides security solutions tailored to meet the unique needs of their customers while enhancing their personal safety, protecting their properties, and proprietary information. The Company provides a wide range of services including, among others, physical and electronic solution design, risk avoidance and optimization, security threat assessments and audits, procurement management, and project management (the “**Business**”).¹

6. The Company has been a business provider for over 50 years and has created security solutions for a wide variety of Canadian customers including, among others, Indigenous communities, federal, provincial, municipal governments, investment companies, construction companies, and an educational institution.²

7. The Company is a service-based business that relies heavily on its security design experts to collaborate with facility owners, design architects, electrical engineers, and organizational stakeholders to ensure the appropriate security system is implemented for each

¹ Affidavit of Peter Smiechowski sworn December 23, 2024, Motion Record of Cancom Security Inc., Tab 2 (“**Smiechowski Affidavit**”) at [para. 6](#).

² *Ibid* at [para. 7](#).

customer.³

8. The Company employs approximately 768 employees, which consists of 182 full-time employees and 586 part-time employees. 171 of those employees are unionized. The Company also employs five contractors.⁴

B. The Company's Financial Difficulties and the NOI Proceeding

9. In and around 2020, the Company's business conditions changed, particularly due to the acquisitions of iTrack in November 2020 and Think Secure Inc. ("**Think Secure**") in 2021. Although iTrack and Think Secure were historically profitable, in May 2022, iTrack lost one of its biggest customer contracts resulting in the Company losing revenue.⁵

10. In addition, the Company was growing at a rapid rate and was unable to keep up with the demands at an organizational level. Among other things, the Company's accounting financial reporting and review capabilities were not sufficient for the size of business to which it had grown. As a result, the Company was unable to meet their reporting covenants as set out in the TD Loan Agreements (as defined herein) and were not collecting on their account receivables.⁶

11. TD Bank sent a default letter to the Company on March 21, 2024, advising the Company that they failed to meet their reporting covenants under the Letter Agreement with TD Bank dated May 21, 2022 (the "**TD May Loan Agreement**"). Particularly, the Company sent their financial statements late, their debt service coverage ratio was -14.81% and not the required less of the agreed upon 120%, and the Company's advances under TD Bank's operating loan

³ *Ibid* at [para. 8.](#)

⁴ *Ibid* at [para. 9.](#)

⁵ *Ibid* at [para. 11.](#)

⁶ *Ibid* at [para. 12.](#)

were higher than what was agreed to.⁷

12. Similarly, on May 21, 2024, TD Bank sent another default letter to the Company advising that it was in default under one of their financial obligations pursuant to the TD May Loan Agreement. The Company drew more than their borrowing base calculation permitted, \$918,000 was overdrawn in February 2024 and \$745,000 was overdrawn in March 2024.⁸

13. The Company continued to struggle with keeping up with its reporting obligations to TD Bank and generating constant cash flow, ultimately, leading to them not being able to meet their payment deadlines. Among other things, the Company was unable to make payments to the Canada Revenue Agency (“**CRA**”) for HST and continued to not meet their financial obligations to its principal secured lender, TD Bank.⁹

14. TD Bank took the position that the Company was in default of its obligations under the TD May Loan Agreement. Accordingly, on July 23, 2024, counsel to TD Bank delivered a demand letter for payment of \$1,346,965.39 (the “**TD Indebtedness**”) and a Notice of Intention to Enforce Security under Section 244 of the BIA to the Company.¹⁰

15. The Company engaged in extensive discussions with TD Bank to try to settle the TD Indebtedness. Ultimately, on September 18, 2024, the Company agreed to enter into a forbearance agreement with TD Bank (the “**Forbearance Agreement**”) to formalize the Company’s obligations and prevent TD Bank from enforcing their security while the Company tried to preserve their Business as a going-concern and review their out of court restructuring options.¹¹

⁷ *Ibid* at [para. 14.](#)

⁸ *Ibid* at [para. 15.](#)

⁹ *Ibid* at [para. 16.](#)

¹⁰ *Ibid* at [para. 17.](#)

¹¹ *Ibid* at [para. 18.](#)

16. Although the Forbearance Agreement temporarily sustained their relationship with TD Bank, the Company determined it required a long-term solution to restructure its Business. Accordingly, in and around November 2024, the Company engaged Gene Hudson International Inc. to act as chief restructuring officer (in such capacity, the “CRO”).¹²

17. The CRO is a corporate advisory firm that has extensive experience with, among other things, raising debt or equity for companies and executive mentoring.¹³

18. The CRO worked with the Company to implement a preliminary restructuring process to decrease the Company’s operating costs, enhance the Company’s market position, and sustain their operations at an organizational level. Particularly, the CRO reviewed the Company’s ongoing customer agreements and modified the Company’s protocols for receiving payments from customers to include a pre-payment model rather than collecting their payments in arrears and switched to receiving funds through wire transfer, as opposed to cheques, allowing for a more efficient payment process.¹⁴

19. The CRO has also implemented new ways of generating quick cash-flow for the Company. The Company is in the process of discussions with factoring companies such as, eCapital, who purchase the Company’s account receivables in exchange for cash. Additionally, the Company has invested a significant amount of time in attracting new customers from various industries.¹⁵

20. Despite the CRO’s preliminary efforts to restructure its operations, the Company’s liquidity issues persisted and are unable to make their HST payments to CRA. Accordingly, in order to preserve its going-concern operations and value, the Company filed the

¹² *Ibid* at [para. 19.](#)

¹³ *Ibid* at [para. 20.](#)

¹⁴ *Ibid* at [para. 21.](#)

¹⁵ *Ibid* at [para. 22.](#)

NOI on December 5, 2024.

21. The primary objective of this NOI proceeding is to restructure the Company's balance sheet and implement a long-term solution to the Company's liquidity challenges in the interests of all stakeholders.¹⁶

C. Primary Creditors of the Company

22. The Company has approximately \$5.8 million in liabilities of which approximately \$2 million is secured debt.

23. The Company's principal secured creditor is TD Bank with respect to certain Credit Facilities (as defined herein) pursuant to the Letter Agreement dated July 12, 2019, the TD May Loan Agreement, and Letter Agreement dated March 7, 2024 (collectively, the "**TD Loan Agreements**").

24. Pursuant to the TD Loan Agreements, the Company has the following Credit Facilities with TD Bank:

- (a) operating loan;
- (b) committed reduced term facility (single draw); and
- (c) letter of credit (collectively, the "**Credit Facilities**").¹⁷

25. TD Bank is owed approximately \$1.9 million pursuant to the TD Loan Agreements. The Company is also indebted to CRA in the approximate amount of \$2.8 million for HST arrears.¹⁸

¹⁶ *Ibid* at [para. 23.](#)

¹⁷ *Ibid* at [para. 27.](#)

¹⁸ *Ibid* at [para. 28.](#)

26. The Company's unsecured creditors are for trade payables and operating costs accrued in the ordinary course. The Company's primary trade payables are related to the purchase of services or supplies to sustain the Company's operations.¹⁹

PART III – ISSUES

27. The issues to be determined are whether the Court should:

- (a) extend the time to file the proposal for 46 days pursuant to Section 50.4(9) of the BIA;
- (b) approve the Administration Charge in the maximum amount of \$100,000;
- (c) grant the ability to pay pre-filing amounts with approval of the Proposal Trustee; and
- (d) approve the Proposal Trustee's First Report.

PART IV – LAW & ARGUMENT

A. The Court Should Approve the Stay Extension

28. The current stay of proceedings is set to expire on January 4, 2025. The 45-day extension provided for under the BIA expires on the statutory holiday, Family Day. The requested extension must be the business day immediately following that day.²⁰ Accordingly, the Company seeks an extension of the stay of proceedings for 46 days, up to and including February 18, 2025 (the "**Proposed Stay Period**"), to enable it to continue its restructuring efforts.

29. Pursuant to section 50.4(9) of the BIA, the Court has the authority to extend the period for filing a proposal and the stay of proceedings where it is satisfied that:

¹⁹ *Ibid* at [para. 29](#).

²⁰ *Interpretation Act*, RSC 1985, c I-21, [s. 26](#).

- (a) the insolvent person has acted, and is acting, in good faith and with due diligence;
- (b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and
- (c) no creditor would be materially prejudiced if the extension being applied for were granted (collectively, the “**Section 50.4(9) Factors**”).²¹

30. The Company submits that each of the Section 50.4(9) Factors are met in this case.

i. The Company has acted in good faith and with due diligence

31. In *Re H&H Fisheries Limited*, the court noted that “the converse of good faith is bad faith, and bad faith requires some motivation or conduct which is unacceptable”.²² In this case, there is no evidence that the Company has acted with bad faith or conducted itself in an unacceptable manner.

32. In contrast, the Company has submitted evidence which confirms that the Company has acted in good faith and with due diligence since the initial 30-day stay of proceedings. Specifically, the Company, with the assistance of the Proposal Trustee, has taken numerous steps to implement restructuring steps including, among others:

- (a) continued to operate the Business in the normal course, with the oversight of the Proposal Trustee;
- (b) re-negotiated the terms of the Forbearance Agreement with TD Bank;

²¹*Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“**BIA**”), [s. 50.4\(9\)](#). See for example, *Colossus Minerals Inc. (Re)*, 2014 ONSC 514 (“**Colossus**”) at [paras. 37-43](#); *Mustang GP Ltd. (Re)*, 2015 ONSC 6562 (“**Mustang**”) at [para. 41](#); *Chester Basin Seafood Group Inc (re)*, 2023 NSSC 388 (“**Chester Basin**”) at [paras. 14](#) and [20-21](#).

²² *Re H&H Fisheries Limited*, 2005 NSSC 346 (“**H&H Fisheries**”) at [para. 17](#).

- (c) engaged with stakeholders, including TD Bank and vendors, to build consensus on the steps contemplated in this restructuring proceeding;
- (d) engaged with employees and Critical Suppliers to address any questions about the NOI proceeding; and
- (e) with the assistance of the Proposal Trustee, continued to assess various restructuring options with a view to developing a viable proposal for the general body of the Company's creditors.²³

33. Throughout the Proposed Stay Period, the Company will continue to act with good faith and with due diligence by, among other things, continuing to operate in the normal course and continue to navigate its restructuring efforts.²⁴

ii. No creditor is materially prejudiced

34. In considering this factor, courts consider whether there is a significant concern that would be unreasonable for a creditor to accept.²⁵

35. The Company submits that there is no evidence of any material prejudice to any creditor if the requested extension is granted.²⁶

36. The Company, with the assistance of the Proposal Trustee, has compiled a 12-week cash flow projection (the "**Cash Flow Forecast**"). The Cash Flow Forecast demonstrates that the Company will have sufficient cash to operate over the Proposed Stay Period with the continued use of TD Bank's Credit Facilities.²⁷

²³ Smiechowski Affidavit, *supra* note 1 at [para. 33](#).

²⁴ *Ibid* at [para. 38](#).

²⁵ *H&H Fisheries*, *supra* note 22 at [para. 37](#).

²⁶ Smiechowski Affidavit, *supra* note 1 at [para. 39](#).

²⁷ *Ibid* at [paras. 37-38](#).

37. Conversely, if the extension is not granted, the Company will be forced to shut down. In such circumstances, the Company would immediately experience a loss of its customers and market share. The Company would also suffer an irreparable loss in asset value given the Company's ongoing contracts require an operating Business to retain its value.²⁸

iii. The Company will likely be able to make a viable proposal

38. The Company has advised that it will use the short extension of time to provide stability to the Business, permit the Company to continue operating and provide reassurance to the Company's stakeholders. The Proposed Stay Period is critical to providing the Company breathing room to navigate its restructuring options and avoiding the destruction of value that would result from a shut-down of operations.²⁹

B. The Court Should Approve the Administration Charge

39. The Company is seeking a first-ranking Administration Charge on its Property, in the maximum amount of CAD \$100,000, to secure the fees and disbursements of the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company in connection with the NOI proceedings. The Stay Extension Order contemplates that the Administration Charge will rank in priority to security interests, trusts, liens, charges and encumbrances in favour of any person but shall be subordinate to any cash collateral pledged by the Company to, and held by, TD Bank in respect of any letters of credit issued by TD Bank.

40. Section 64.2 of the BIA authorizes this Court to grant a super-priority charge on a debtor's Property to secure professional fees.³⁰

41. Administration charges are routinely granted in insolvency proceedings where: (a) the

²⁸ *Ibid* at [para. 36](#).

²⁹ *Ibid* at [paras. 35-36](#).

³⁰ BIA, *supra* note 22, [s. 64.2](#).

debtor has limited means to obtain professional assistance; (b) the involvement of professional advisors is critical to the success of the proceedings under the BIA; and (c) the quantum of the proposed charge is commensurate with the complexity of the Company's Business.³¹

42. The Company submits that it is appropriate for this Court to grant the Administration Charge given the evidence that, among other things:

- (a) the Company has and will continue to rely on the expertise, knowledge and participation of the restructuring professionals during the Proposed Stay Period, including to effectively liaise with creditors and to assist in other restructuring initiatives;³²and
- (b) the quantum of the proposed Administration Charge is reflective of the complexity of the Company's business and is both reasonable and appropriate in the circumstances of the NOI proceeding;³³

C. The Court Should Authorize the Company to Pay Certain Pre-Filing Amounts to Certain Critical Suppliers with Approval of the Proposal Trustee

43. The Stay Extension Order includes a provision that authorizes the Company to pay, with the consent of the Proposal Trustee, the maximum cumulative amount of \$262,0000 of pre-filing arrears owing for goods or services supplied to the Company prior to the NOI filing date is such payment is necessary to maintain the uninterrupted operations of the Business during this proceeding. The list of Critical Suppliers along with the amounts are provided in the following table:

³¹ *Colossus*, *supra* note 21 at [paras. 11-15](#); *Mustang*, *supra* note 21 at [para. 33](#); *Chester Basin*, *supra* note 21, at [paras. 10-13](#).

³² Smiechowski Affidavit, *supra* note 1 at [para. 46](#).

³³ *Ibid* at [para. 47](#).

Vendor	Arrears Owing
Body Cam AXON	\$34,000
3 rd Party Outsource	\$36,000
Radio Kelcom	\$30,000
Guardian	\$75,000
Unifirst	\$7,000
Ottawa Station Chief	\$80,000
Total	\$262,000 (plus applicable taxes)

44. Although the concept of “critical supplier” is not found in the BIA, the Court has permitted debtors to make pre-filing payments to critical suppliers in NOI proceedings.³⁴ In doing so, Courts have considered the factors applicable to “critical suppliers” under the CCAA.³⁵ These factors are: (a) whether the goods and services concerned are integral to the business; (b) the applicant’s need for the uninterrupted supply of the goods or services; (c) the Monitor’s support and willingness to work with the applicant to ensure that payments to suppliers in respect of pre-filing liabilities are appropriate; and (d) the effect on the applicant’s ongoing operations and ability to restructure if it were unable to make pre-filing payments to its critical suppliers.³⁶

45. A supplier may be considered critical, where the service of those goods or services is “sufficiently integrated into the operations of the debtor company that it would be materially disruptive to the operations and restructuring of the debtor for the particular supplier to cease providing such services and/or it would be difficult or impossible to secure an alternate supplier.”³⁷

46. The Company submits that the payment of certain Critical Suppliers is appropriate in these circumstances. The Company’s relies on certain critical vendors that are integral to the

³⁴ *In the Matter of Breakthrough Enterprises Inc.*, Endorsement of Justice Conway (21 March 2022), Toronto, Ont Sup Ct J [Comm List] ([BK-22-02801364-0031](#)).

³⁵ *Karrys Bros Ltd. (Re)*, 2014 ONSC 7465 at [para. 22](#).

³⁶ *Springer Aerospace Holdings Limited*, 2022 ONSC 6581 [Penny J.] at [paras. 25-27](#).

³⁷ *Pride Group Holdings Inc. et al.*, 2024 ONSC 2026 at [para. 46](#).

Business' operations. If the Critical Suppliers are not paid their pre-filing costs, they will discontinue their supply of goods to the Company. If the supply of these services were interrupted, there would be an immediate destruction value of the Business given that these services are required to sustain the Company's key contracts with its customers.

47. Given the unique nature of the Business and the Company's precarious financial position, these vendors cannot be replaced at a reasonable cost and in a timely manner.³⁸ Accordingly, timely payment of such suppliers is critical to ensuring their continuous provision of services to the Company.³⁹

48. The Proposal Trustee has met with the Company to prepare a detailed list of the vendors that are necessary to the ongoing operation of the Business and what payments each of those vendors may require. The payments on that list total approximately \$262,000 (plus applicable taxes) and are provided for in the Cash Flow Forecast.⁴⁰ Although the Proposal Trustee has done an initial review of these amounts, the Company cannot make these payments without the further express authorization of the Proposal Trustee.

D. The Court Should Approve the First Report and the Activities of the Proposal Trustee

49. The Company seeks the approval of the Proposal Trustee's First Report as well as their actions, conduct and activities described therein. Such relief is commonly granted for well-established policy reasons including the stability of ongoing insolvency proceedings.⁴¹

PART V – RELIEF REQUESTED

50. Based on the foregoing, the Company respectfully requests that this Court grant the

³⁸ Smiechowski Affidavit, *supra* note 1 at [para. 41](#).

³⁹ *Ibid* at [paras. 40-41](#).

⁴⁰ *Ibid* at [paras. 42-43](#).

⁴¹ See, for example, *Target Canada Co. (Re)*, 2015 ONSC 7574 (Morawetz R.S.J. (as he then was)) at [paras 22-23](#) applied *In the Matter of The Body Shop Canada Limited*, 2024 ONSC 3882 ("**Body Shop**") at [para 27](#).

Stay Extension Order.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 24TH DAY OF DECEMBER, 2024.

PURSUANT TO RULE 4.06(2.1) THE UNDERSIGNED certifies that they are satisfied as to the authenticity of every authority cited in this factum.

Simran Joshi

**SIMRAN JOSHI
LSO #89775A**

SCHEDULE "A"**List of Authorities**

1. <i>Colossus Minerals Inc. (Re)</i> , 2014 ONSC 514
2. <i>Mustang GP Ltd. (Re)</i> , 2015 ONSC 6562
3. <i>Chester Basin Seafood Group Inc (re)</i> , 2023 NSSC 388
4. <i>Re H&H Fisheries Limited</i> , 2005 NSSC 346
5. <i>In the Matter of Breakthrough Enterprises Inc.</i> Endorsement of Justice Conway (21 March 2022), Toronto, Ont Sup Ct J [Comm List] (BK-22-02801364-0031).
6. <i>Karrys Bros Ltd. (Re)</i> ., 2014 ONSC 7465
7. <i>Springer Aerospace Holdings Limited</i> , 2022 ONSC 6581 [Penny J.]
8. <i>Pride Group Holdings Inc. et al.</i> , 2024 ONSC 2026
9. <i>Target Canada Co. (Re)</i> , 2015 ONSC 7574 (Morawetz R.S.J. (as he then was))
10. <i>In the Matter of The Body Shop Canada Limited</i> , 2024 ONSC 3882

SCHEDULE "B"**Statutory Authorities****[Interpretation Act, RSC 1985, c I-21](#)****Time limits and holidays**

26 Where the time limited for the doing of a thing expires or falls on a holiday, the thing may be done on the day next following that is not a holiday.

[Bankruptcy and Insolvency Act, RSC 1985, c B-3](#)**Notice of intention**

50.4 (1) Before filing a copy of a proposal with a licensed trustee, an insolvent person may file a notice of intention, in the prescribed form, with the official receiver in the insolvent person's locality, stating

- (a) the insolvent person's intention to make a proposal,
- (b) the name and address of the licensed trustee who has consented, in writing, to act as the trustee under the proposal, and
- (c) the names of the creditors with claims amounting to two hundred and fifty dollars or more and the amounts of their claims as known or shown by the debtor's books,

and attaching thereto a copy of the consent referred to in paragraph (b).

Certain things to be filed

(2) Within ten days after filing a notice of intention under subsection (1), the insolvent person shall file with the official receiver

- (a) a statement (in this section referred to as a "cash-flow statement") indicating the projected cash-flow of the insolvent person on at least a monthly basis, prepared by the insolvent person, reviewed for its reasonableness by the trustee under the notice of intention and signed by the trustee and the insolvent person;
- (b) a report on the reasonableness of the cash-flow statement, in the prescribed form, prepared and signed by the trustee; and
- (c) a report containing prescribed representations by the insolvent person regarding the preparation of the cash-flow statement, in the prescribed form, prepared and signed by the insolvent person.

Creditors may obtain statement

(3) Subject to subsection (4), any creditor may obtain a copy of the cash-flow statement on request made to the trustee.

Exception

(4) The court may order that a cash-flow statement or any part thereof not be released to some or all of the creditors pursuant to subsection (3) where it is satisfied that

- (a)** such release would unduly prejudice the insolvent person; and
- (b)** non-release would not unduly prejudice the creditor or creditors in question.

Trustee protected

(5) If the trustee acts in good faith and takes reasonable care in reviewing the cash-flow statement, the trustee is not liable for loss or damage to any person resulting from that person's reliance on the cash-flow statement.

Trustee to notify creditors

(6) Within five days after the filing of a notice of intention under subsection (1), the trustee named in the notice shall send to every known creditor, in the prescribed manner, a copy of the notice including all of the information referred to in paragraphs (1)(a) to (c).

Trustee to monitor and report

(7) Subject to any direction of the court under paragraph 47.1(2)(a), the trustee under a notice of intention in respect of an insolvent person

(a) shall, for the purpose of monitoring the insolvent person's business and financial affairs, have access to and examine the insolvent person's property, including his premises, books, records and other financial documents, to the extent necessary to adequately assess the insolvent person's business and financial affairs, from the filing of the notice of intention until a proposal is filed or the insolvent person becomes bankrupt;

(b) shall file a report on the state of the insolvent person's business and financial affairs — containing the prescribed information, if any —

(i) with the official receiver without delay after ascertaining a material adverse change in the insolvent person's projected cash-flow or financial circumstances, and

(ii) with the court at or before the hearing by the court of any application under subsection (9) and at any other time that the court may order; and

(c) shall send a report about the material adverse change to the creditors without delay after ascertaining the change.

Where assignment deemed to have been made

(8) Where an insolvent person fails to comply with subsection (2), or where the trustee fails to file a proposal with the official receiver under subsection 62(1) within a period of thirty days after the day the notice of intention was filed under subsection (1), or within any extension of that period granted under subsection (9),

(a) the insolvent person is, on the expiration of that period or that extension, as the case may be, deemed to have thereupon made an assignment;

(b) the trustee shall, without delay, file with the official receiver, in the prescribed form, a report of the deemed assignment;

(b.1) the official receiver shall issue a certificate of assignment, in the prescribed form, which has the same effect for the purposes of this Act as an assignment filed under section 49; and

(c) the trustee shall, within five days after the day the certificate mentioned in paragraph (b.1) is issued, send notice of the meeting of creditors under section 102, at which meeting the creditors may by ordinary resolution, notwithstanding section 14, affirm the appointment of the trustee or appoint another licensed trustee in lieu of that trustee.

Extension of time for filing proposal

(9) The insolvent person may, before the expiry of the 30-day period referred to in subsection (8) or of any extension granted under this subsection, apply to the court for an extension, or further extension, as the case may be, of that period, and the court, on notice to any interested persons that the court may direct, may grant the extensions, not exceeding 45 days for any individual extension and not exceeding in the aggregate five months after the expiry of the 30-day period referred to in subsection (8), if satisfied on each application that

(a) the insolvent person has acted, and is acting, in good faith and with due diligence;

(b) the insolvent person would likely be able to make a viable proposal if the extension being applied for were granted; and

(c) no creditor would be materially prejudiced if the extension being applied for were granted.

Court may not extend time

(10) Subsection 187(11) does not apply in respect of time limitations imposed by subsection (9).

Court may terminate period for making proposal

(11) The court may, on application by the trustee, the interim receiver, if any, appointed under section 47.1, or a creditor, declare terminated, before its actual expiration, the thirty day period mentioned in subsection (8) or any extension thereof granted under subsection (9) if the court is satisfied that

- (a)** the insolvent person has not acted, or is not acting, in good faith and with due diligence,
- (b)** the insolvent person will not likely be able to make a viable proposal before the expiration of the period in question,
- (c)** the insolvent person will not likely be able to make a proposal, before the expiration of the period in question, that will be accepted by the creditors, or
- (d)** the creditors as a whole would be materially prejudiced were the application under this subsection rejected,

and where the court declares the period in question terminated, paragraphs (8)(a) to (c) thereupon apply as if that period had expired.

Court may order security or charge to cover certain costs

64.2 (1) On notice to the secured creditors who are likely to be affected by the security or charge, the court may make an order declaring that all or part of the property of a person in respect of whom a notice of intention is filed under [section 50.4](#) or a proposal is filed under subsection 62(1) is subject to a security or charge, in an amount that the court considers appropriate, in respect of the fees and expenses of

- (a)** the trustee, including the fees and expenses of any financial, legal or other experts engaged by the trustee in the performance of the trustee's duties;
- (b)** any financial, legal or other experts engaged by the person for the purpose of proceedings under this Division; and
- (c)** any financial, legal or other experts engaged by any other interested person if the court is satisfied that the security or charge is necessary for the effective participation of that person in proceedings under this Division.

Priority

(2) The court may order that the security or charge rank in priority over the claim of any secured creditor of the person.

Individual

(3) In the case of an individual,

(a) the court may not make the order unless the individual is carrying on a business; and

(b) only property acquired for or used in relation to the business may be subject to a security or charge.

IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED AND

Bankruptcy Court File No. BK-24-03162387-0031
Estate No. 31-3162387

AND IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF CANCOM SECURITY INC. OF THE
CITY OF TORONTO IN THE PROVINCE OF ONTARIO

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at *Toronto*

**FACTUM OF THE APPLICANT
(returnable December 31, 2024)**

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