

Court File No. CV-19-618364-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

PACIFIC MERCANTILE BANK

Applicant

- and -

THE NUT JOB 2 PRODUCTIONS INC. and TOONBOX ENTERTAINMENT LTD.

Respondents

Court File No. CV-19-618364-00CL
Court No. 31-2504280
Court No. 31-2504276

AND BETWEEN:

BDO CANADA LIMITED

Applicant

- and -

THE NUT JOB 2 PRODUCTIONS INC., TOONBOX ENTERTAINMENT LTD. and THE NUT JOB 3 PRODUCTIONS INC.

Respondents

AND

District of ONTARIO
Division No.09 - Toronto
Estate No. 31-2504280
Court No. 31-2504280

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

IN THE MATTER OF THE PROPOSAL OF
TOONBOX ENTERTAINMENT LTD.
OF THE CITY OF TORONTO,
IN THE MUNICIPALITY OF METROPOLITAN TORONTO,
IN THE PROVINCE OF ONTARIO

AND

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
THE NUT JOB 2 PRODUCTIONS INC.
OF THE CITY OF TORONTO,
IN THE MUNICIPALITY OF METROPOLITAN TORONTO,
IN THE PROVINCE OF ONTARIO

FOURTH REPORT OF THE PROPOSAL TRUSTEE AND RECEIVER

APRIL 23, 2020

OVERVIEW:

1. After a series of proceedings, as will be described below, pursuant to order of the Honourable Justice McEwen dated November 26, 2019, BDO Canada Limited (“**BDO**”) is the court appointed receiver of Toonbox Entertainment Ltd. (“**Toonbox**”), Nut Job 2 Productions Inc. (“**NJ2 Prodco**”) and Nut Job 3 Productions Inc. (“**NJ3 Prodco**”) (collectively, Toonbox, NJ2 Prodco and NJ3 Prodco referred to as the “**Companies**”). A Copy of Justice McEwen’s order is attached as **Appendix “A”**. BDO is also proposal trustee for Toonbox and NJ2 Prodco.
2. The Companies share common management, certain creditor obligations and certain assets.
3. Toonbox operated as an animation studio that produced several animated films through wholly owned subsidiaries, including NJ2 Prodco and NJ3 Prodco.
4. Redrover Co. Ltd. (“**Redrover**”) is a south Korean company that financed various Toonbox produced films, and the respective rights of the two companies were set out in certain Co-Production Agreements for each film.
5. As will be described in greater detail below, disputes arose between BDO and Redrover largely with respect to: (a) ownership of certain computers, software, furniture, fixtures and miscellaneous equipment used by Toonbox (the “**Fixed Assets**”), and (b) the right to benefit from certain tax credits that NJ3 Prodco was entitled to receive.
6. The parties reached a settlement of these disputes, subject to court approval and a vesting order, at a judicial mediation held before the Honourable Justice Hailey on December 19, 2019, as will be

described further below. A copy of the Settlement Agreement is attached as **Appendix “B”** (the “Settlement Agreement”).

PURPOSE OF REPORT:

7. This is the Fourth Report of BDO in connection with the Companies. The purpose of the Fourth Report is to:
 - (a) Provide the Court with information regarding the activities of BDO from the date of the Third Report;
 - (b) Request court approval of the Settlement Agreement and a vesting order of certain assets as set out in the Settlement Agreement with Redrover;
 - (c) Approve this Fourth Report and the conduct and activities of BDO described herein;
 - (d) Approve the fees and disbursements of BDO incurred to April 20, 2020;
 - (e) Amend the Administration Charge from \$200,000.00 to \$500,000;
 - (f) Approve the fees and disbursements of Lipman, Zener and Waxman PC (“LZW”) incurred to April 20, 2020; and
 - (g) Such further relief as this Honourable Court deems just.

DISCLAIMER:

8. In preparing this Report, BDO has relied upon unaudited financial information prepared by the Companies’ representatives, the Companies’ books and records, including electronic files of the Companies, and discussions with the Companies’ representatives. BDO has not performed an audit or other verification of such information.

BACKGROUND: THE COMPANIES:

9. Toonbox was incorporated on June 19, 2008 as Red Rover Creative Ltd. The name was changed to Toon Box Entertainment Ltd. on January 13, 2009, and further changed to Toonbox on June 10, 2011. Attached as **Appendix “C”** are copies of the first page of the Certificate of Incorporation and first page of the Articles of Amendment, demonstrating these name changes.

10. Toonbox operated as an animation studio, producing various computer-animated films. Mr. Hong Kim is Toonbox's controlling shareholder and director. Toonbox is a holding company, which owns various production companies, as set out in the Organizational Chart attached as **Appendix "D"**.
11. NJ2 Prodco was incorporated on April 5, 2013 and is a wholly owned subsidiary of Toonbox. NJ2 Prodco is an animation studio and produced the film "The Nut Job 2: Nutty by Nature" ("**NJ2**").
12. NJ3 was incorporated on January 20, 2016 for the purpose of producing a third "Nut Job" film. Like the other production companies, it is a wholly owned subsidiary of Toonbox. The first page of the Certificate of Incorporation is attached as **Appendix "E"**.

LOAN FROM PMB:

13. On December 19, 2017, NJ2 Prodco entered into a loan agreement with Pacific Mercantile Bank ("**PMB**") for \$8,170,705 USD, secured by a general security agreement in favour of PMB (the "**PMB Loan**"). Toonbox guaranteed payment of the PMB Loan.
14. NJ2 Prodco was eligible to claim various federal and provincial refundable tax credits from the production of NJ2 (the "**NJ2 Tax Credits**"). The NJ2 Tax Credits were expected to total more than \$11,600,000 CDN.
15. Pursuant to the terms of the PMB Loan, NJ2 Prodco was required to keep the funds generated from the NJ2 Tax Credits in a separate trust account in favour of PMB Loan, and to pay the funds to PMB as soon as possible following receipt thereof. NJ2 Prodco did not comply with the terms of the PMB Loan. Instead, the funds received from the NJ2 Tax Credits were co-mingled with Toonbox's other funds. Toonbox used a major portion thereof to fund ongoing film productions and operations, including the film being produced by NJ3 Prodco.
16. The PMB Loan matured on March 19, 2019 and NJ2 Prodco failed to repay same.
17. On March 20, 2019, having no funds to finance the continuation of business, the Companies ceased operations and terminated Toonbox's employees.

SUMMARY OF THE PROPOSAL AND RECEIVERSHIP PROCEEDINGS:

18. On April 10, 2019 PMB brought Applications for Bankruptcy Orders against Toonbox and NJ2 Prodco returnable May 7, 2019.
19. PMB brought a further application for the appointment of an interim receiver to preserve the assets of the Companies, until such time as bankruptcy orders were issued. On April 18, 2019, by order of

the Honourable Justice Hainey, BDO was appointed as interim receiver of all assets, undertakings and properties of Toonbox and NJ2 Prodco. The order is attached to BDO's First Report, dated May 27, 2019, as **Appendix "F"**.

20. Toonbox, NJ2 Prodco and PMB subsequently agreed that an orderly sale of assets "*en bloc*" would maximize realization and, accordingly, the Applications for Bankruptcy Orders were adjourned to June 4, 2019 to allow Toonbox and NJ2 Prodco to file proposals under the *Bankruptcy and Insolvency Act* (the "**BIA**").
21. On April 28, 2019, Toonbox and NJ2 Prodco each filed a proposal, naming BDO as the proposal trustee (the "**Proposals**"). A copy of each respective proposal, together with each Certificate of Filing dated April 29, 2019, is attached to BDO's First Report as Appendix "II" and Appendix "III". Lipman Zener Waxman PC ("**LZW**") act as counsel to BDO.
22. On May 21, 2019 separate First Meetings of Creditors were held for each of Toonbox and NJ2 Prodco. Both meetings were adjourned *sine-die* pending the outcome of the proposed sale process of the assets of Toonbox and NJ2 Prodco. Copies of the Reports of BDO on the Proposals and Supplementary Report of BDO on Toonbox and NJ2 Prodco's Proposals are attached to BDO's First Report as Appendix "IV".
23. By its First Report, BDO as proposal trustee/interim receiver advised this Honourable Court of its activities to the date of the Report, described the assets of Toonbox and NJ2 Prodco and detailed a proposed sales process for the assets, which it wished to initiate, requested authorization to consolidate the proposal proceedings of Toonbox and NJ2 Prodco for administrative purposes, requested approval of a \$200,000 Administrative Charge, and asked for approval of its Report and the conduct and activities of BDO, as described therein.
24. Immediately after issuance of its First Report, BDO became aware that the relationship between the Companies and Redrover was considerably more complicated than had first been realized.
25. Accordingly, prior to attending at Court, the parties (being Redrover, BDO and PMB), agreed to defer requesting approval of a proposed sales process until the agreements between the Companies and Redrover could be better understood, issues of ownership of assets determined, and an accounting obtained from Redrover for monies potentially owing by it to Toonbox, or claimed by Redrover as owing to it by Toonbox.
26. By order of the Honourable Justice Conway dated June 6, 2019, the Court provided the relief sought by BDO, being the consolidation of the Proceedings of each of Toonbox and Nut Job for administrative purposes, the provision of a \$200,000 Administration Charge (the "**Administration**

Charge"), and approval of the conduct and activities of BDO, as set out in the First Report. A copy of the Order is attached to the second report of BDO dated June 21, 2019 as Appendix "I".

27. In its Second Report, BDO advised the Court of its activities from the date of the First Report to the date of the Second Report. These included further investigation of the complexities of the relationship between Toonbox and Redrover. Toonbox through various subsidiary companies, which were production companies, produced various animated films on behalf of Redrover, which then owned 100% of the productions, in exchange for financing the costs of production. Toonbox was obligated to pay over to Redrover any tax credits it received from the Canadian federal or provincial governments, related to the specific productions funded by Redrover.
28. BDO advised that the assets of Toonbox include computer and other equipment, as well as furniture and fixtures used by the production companies in the various films produced for Redrover. Redrover claimed to be entitled to that equipment, as it was charged by Toonbox for equipment as part of the production costs of such films. Toonbox claimed that these assets belong to Toonbox, not to Redrover. Further, Toonbox claimed it was never provided any accounting by Redrover as to the net receipts earned by it on the distribution of prior films, including particularly The Nut Job ("NJ1") and The Nut Job 2: Nutty by Nature ("NJ2"), despite being entitled to 50% of any net receipts, and further alleged that Redrover suspended funding ongoing productions, without justification.
29. BDO asked the Court to require Redrover to provide it with Proofs of Claim and supporting evidence to establish its claim to various films and other assets in the possession of the Companies, as already required of Redrover by BDO, pursuant to formal notices issued to it under s. 81(4) of the BIA on June 21, 2019, and to forthwith supply BDO with an accounting of all monies owing by the Companies and Redrover to each other.
30. By the endorsement of Hailey J. dated June 25, 2019, the Court adjourned the motion to a date to be fixed by the Commercial List, but required Redrover's counsel to provide BDO with all contracts and agreements in its possession, to advise by June 28, 2019 as to when full and complete accounting could be provided, and to make best efforts to advise by June 28, 2019 of any funds collected by Redrover for a number of identified productions. This endorsement is attached to the Third Report of BDO dated October 31, 2019 as Appendix "I" (the "**Hailey Endorsement**").
31. In its Third Report, BDO advised the Court of its activities from the date of the Second Report to the date of the Third Report. These included receiving and disputing Redrover's Property Proofs of Claim pursuant to s. 81(4) of the BIA, in which Toonbox essentially made a claim for an interest in any property which may have been diverted to Toonbox by NJ2 Prodco and other productions companies. In response, by letter dated July 22, 2019 the Proposal Trustee disputed Redrover's claim, seeking

better evidence. BDO`s activities included further investigating the distribution of tax credits that NJ3 Prodco is entitled to receive, as will be detailed further below.

32. On a motion brought by BDO, the Court by the endorsement of the Honourable Justice McEwen dated November 26, 2019, the Court ordered the conversion of the existing interim receiverships of Toonbox and NJ2 Prodco into receiverships under s. 101 of the *Courts of Justice Act*, and appointed BDO as receiver over NJ3 Prodco. A copy of this endorsement is attached as **Appendix “G”**.
33. Given the disagreements that arose between BDO and Redrover with respect to: (a) ownership of the Fixed Assets, and (b) the distribution of tax credits that NJ3 Prodco was entitled to receive, as will be detailed below, in an attempt to resolve the disputes, the endorsement of Justice Hainey dated October 17, 2019 scheduled a Judicial Mediation for December 19, 2019, and in the event the Judicial Mediation was unsuccessful, a hearing was scheduled for January 27, 2020 to determine the issues. A copy of the endorsement is attached to the Third Report as Exhibit “9”.

DISPUTE OVER THE FIXED ASSETS:

34. Redrover claimed to be entitled to the Fixed Assets, as Toonbox charged Redrover for equipment as part of the production costs of such films. Toonbox claimed that it owned the Fixed Assets.
35. On June 21, 2019, BDO sent formal notices under s. 81(4) of the BIA to Redrover, requiring Redrover to file Property Proofs of Claim for each of Toonbox and NJ2 Prodco. BDO then asked the Court to require Redrover to provide Property Proofs of Claim and supporting evidence to establish its claim to various films and other assets of Toonbox and NJ2 Prodco and to supply BDO with an accounting of all monies owing between Toonbox, NJ2 Prodco and Redrover.
36. Pursuant to the Hainey Endorsement dated June 25, 2019, as noted above, the Court required Redrover`s counsel to provide BDO with all contracts and agreements in its possession, to advise by June 28, 2019 as to when full and complete accounting can be provided, and to make best efforts to advise by June 28, 2019 of any funds collected by Redrover for a number of identified productions.
37. Since obtaining the Hainey Endorsement, BDO has reviewed Toonbox`s accounting records, extensive electronic files and corporate minute books. Toonbox and Redrover appear to have been closely related, as Toonbox was first incorporated as Redrover Creative Ltd. (later changing its name). As well, Redrover subscribed to shares of Toonbox on December 14, 2011 August 24, 2012 and March 20, 2015 and contributed \$7,799,974 as “Contribution Surplus”, in addition to the nominal amounts paid for the shares.
38. On or about July 5, 2019, Redrover provided BDO with Property Proofs of Claim. The claim against Toonbox is a claim for any interest in any property which may have been diverted to Toonbox by

NJ2 Prodco or other production companies. The claim against NJ2 Prodco is a claim for an interest in all property related to the NJ2 film, including fixed assets “relating to the film”.

39. By correspondence dated July 22, 2019, BDO disputed Redrover’s proprietary claims, seeking better evidence, which Redrover did not provide.
40. The other information of substance BDO received from Redrover pursuant to the Hainey Endorsement is an email report of August 12, 2019, whereby Redrover provided a brief summary of net receipts received by it regarding the film “The Nut Job”. Redrover reported total “Project Receipts” of about \$28 million (USD), and total project costs of about \$37 million (USD), resulting in a shortfall of just under \$9 million (USD). No other accounting information was received. Counsel for Redrover asserted that there were no net receipts for the NJ2 film.
41. BDO made numerous requests to Redrover’s counsel to provide evidence from Redrover to support its claim that it is entitled to the assets of the production companies and potentially Toonbox, including particularly the Fixed Assets. BDO’s findings, based on a review of the electronic files and accounting records of Toonbox, indicated that the Fixed Assets were its property, and not the property of Redrover.
42. Further, on or about December 3, 2019, Redrover provided BDO with two agreements, dated June 10, 2011 and January 10, 2012 respectively, which refer to a sale of a “Technology System” also referred to as a “Render System”, by Toonbox to Redrover for a price of \$2.3 million. BDO did not find any record of Toonbox having received the sum of \$2.3 million from Redrover at the time mentioned in the agreements, although significant sums were received from Redrover at the times involved. Such sums appear to have all been recorded as contributions towards the various productions in progress at the time.
43. Also, BDO was unable to find any record of the purported transaction in the books and records of Toonbox. BDO has been advised by Sue Mi Jung, the former Chief Financial Officer of Toonbox, that the agreements were cancelled, that no sum of \$2.3 million was received from Toonbox, and that no such sale was ever recorded in the books. The two agreements are attached as **Appendixes “H” and “I”** respectively (the “**Purchase Agreement**”).

DISPUTE OVER THE NJ3 TAX CREDITS:

44. NJ3 Prodco was created for the purpose of producing a third “Nut Job” film and is a wholly owned subsidiary of Toonbox.
45. Toonbox and NJ3 Prodco entered into a Co-Production Agreement with Redrover, whereby Redrover was required to fund the production of the film in exchange for owning the intellectual property

related to the film and being entitled to exploit the distribution of the film. Similar to their past agreements, Toonbox was to contribute any tax credits received for the NJ3 film (the “**NJ3 Tax Credits**”), upon receipt thereof. A copy of the Co-Production Agreement (the “**CPA**”) is attached as **Appendix “J”**.

46. Production of the film commenced in or about June 2016 and Toonbox started to issue weekly invoices to Redrover. The records of Toonbox indicate that from June 28, 2016 to April 19, 2017, Toonbox issued forty (40) invoices to Redrover, totaling \$5,400,000. All these invoices were paid.
47. On or about August 4, 2017, Toonbox issued another invoice for the film to Redrover for \$912,333.50, which invoice was not paid by Redrover. In fact, Redrover ceased making any further payments to Toonbox after April 2017, regarding NJ3.
48. Toonbox alleges that, as a result of Redrover suspending funding on its projects, it pursued other sources of funding, including the PMB Loan.
49. Based on Toonbox’s general ledger, and other information reviewed by BDO, it appears that the total production costs for the NJ3 film incurred by Toonbox until March 20, 2019, when Toonbox ceased operations, was \$17,208,707.13. Of that sum, it appears Redrover only contributed \$5,400,000. Furthermore, it appears Toonbox used other funds coming into its possession, including monies borrowed from PMB (US\$8.17 million) and tax credits received by NJ2 Prodco (\$9.1 million), to continue funding the NJ3 film.
50. By letter dated October 4, 2018, a copy of which is attached as **Appendix “K”**, Goodmans LLP, as counsel for Toonbox, wrote to Redrover to document Toonbox’s allegations that Redrover ceased funding without justification and that said cessation constituted a breach of the terms of their agreement. Accordingly, Toonbox exercised its right to terminate their agreement.
51. Redrover’s response, dated October 10, 2018, denied the allegations and alleged that Toonbox failed “to account for and pay the tax credit”. It is unclear which specific tax credits this refers to. A copy of Redrover’s response is attached as **Appendix “L”**.
52. The NJ3 Tax Credits, with an estimated value of \$6,300,000, are the only known asset of NJ3.
53. If the termination of the CPA was valid, the CPA provides that: (a) the intellectual property rights relating to the NJ3 film revert to Toonbox, and (b) Toonbox is entitled to recover any tax credits earned on the production costs incurred to date.

JUDICIAL MEDIATION AND SETTLEMENT AGREEMENT:

54. A Judicial Mediation before the Honourable Justice Hailey was held on December 19, 2019. Representatives and counsel for BDO, Redrover and PMB attended.
55. Redrover took the positions at the mediation, among others, that:
- (a) both the equipment and the intellectual property that is in BDO's possession is property of Redrover; the equipment pursuant to the Purchase Agreement (attached at Appendix "H") and article 6.1(a) and (b) of each Production Service Agreement (collectively "PSA"), copies of which are attached as **Appendix "M"**; and the intellectual property pursuant to article 5.1 of the CPA (attached at Appendix "J" and articles 3.1 and 6.1(a)(i) of the PSA);
 - (b) although it was difficult to ascertain due to alleged financial mismanagement of Toonbox and related special purpose production companies, Redrover advanced NJ3 Prodco approximately \$17,000,000 CDN towards production of NJ3. However, by BDO's calculations, only \$5,400,000 CDN were paid by Redrover to NJ3 Prodco.; and
 - (c) Redrover asserted a secured claim over NJ3 Tax Credits pursuant to article 4.4 of the NJ3 PSA (attached at Appendix "M"), and a tracing claim regarding NJ2 tax credits that were used in the NJ3 production (which it argued were impressed with a trust in favour of Redrover). Redrover's purported security was registered under the PPSA. A copy of the PPSA database search for NJ3 Prodco is attached as **Appendix "N"**.
56. After extensive negotiations, the parties reached a settlement on the following terms, as contained in the Settlement Agreement (attached as Appendix "B"):
- (a) Redrover will pay \$350,000 (the "**Price**") to BDO for all assets of Toonbox and the production companies, in a structure to be agreed to by the parties, on an as/is where/is basis, other than Excluded Assets (defined below). This amount shall be deducted from Redrover's share of the NJ3 Tax Credits. If Redrover's share of the NJ3 tax credits is less than \$350,000, Redrover shall pay the balance of the Price to BDO;
 - (b) BDO shall transfer the locker containing the Toonbox assets to Redrover by February 1, 2020. Redrover shall assume the storage costs for these assets on February 1, 2020;
 - (c) Redrover and BDO agree to share the NJ3 Tax Credits 50/50 and to cooperate in any necessary filings to obtain the tax credits;
 - (d) The allocation of the costs of the receiverships among the Companies shall be determined by the court;

- (e) Excluded Assets shall be defined as
 - a) HST return for Toonbox;
 - b) NJ2 and NJ3 tax credits;
 - c) Far Fetched tax returns and tax credits earned up to today;
 - d) Books and records of Toonbox (subject to BDO providing reasonable access thereto to Redrover);
 - e) Cash held by Toonbox up to today; and
 - f) Any claim Toonbox may have against Hong Kim or Soo Jung.
- (f) Redrover will file and BDO shall admit a proof of claim against NJ2 Prodco and Toonbox in the amount of \$9.9 million. However, Redrover shall only be able to recover on said proof of claim from the proceeds of litigation against Hong Kim, or Soo Jung provided that Redrover funds the cost of the litigation as contemplated by section 38 of the BIA. For greater clarity, Redrover shall not participate in any other recoveries including, without limitation, Excluded Assets other than 5(f);
- (g) This agreement is subject to court approval, including a vesting order;
- (h) Redrover will not object to any claims filed by PMB in the receivership/bankruptcy proceedings of the Companies; and
- (i) The Honourable Justice Hailey is seized of these matters.

57. After further negotiations, the parties have entered into an Agreement of Purchase and Sale (the "APS"), a copy of which is attached as **Appendix "O"**.

FEES

58. Given the history and complexity of this matters, as set out above, significant time was spent by BDO and its counsel both prior to and after the receivership appointment. The end result is a settlement with Redrover with respect to the sale of some of the Companies assets and a clear path forward with respect to the NJ3 Tax Credits. A brief summary of the work completed by BDO is set out in BDO's fee Affidavit (referenced below).

59. To simplify matters for all parties, the fee affidavits of BDO and its counsel divide time between work done prior to the receivership (up to November 26, 2019) ("**Pre-Receiver'ship Fees**") and after the receivership (after November 26, 2019) ("**Post-Receiver'ship Fees**"). BDO's accounts total \$267,268.90 (plus HST) for the period April 16, 2019 to November 25, 2019 and \$88,771.81 for the period November 26, 2019 to April 20, 2020 (the "**BDO's Accounts**"). A copy of the Receiver's Accounts, together with a summary of the accounts, the total billable hours charged per the accounts, and the average hourly rate charged per the accounts, is set out in the Affidavit of Vince Sicilano sworn April 21, 2020 attached to this report as **Appendix "P"**.
60. BDO's counsel, LZW's Pre-Receiver'ship Fees are \$88,929.44 (plus HST) and Post-Receiver'ship Fees are \$50,513.51 (plus HST)(the "**LZW Accounts**"). BDO has paid an aggregate of \$91,755.13 towards the LZW Accounts. A copy of the LZW Accounts, together with a summary of the personnel, hours and hourly rates described in the LZW Accounts, is set out in the Affidavit of Nyssa Malfara sworn April 23, 2020 attached to this report as **Appendix "Q"**.
61. Further time will be spent by BDO with respect to the administration of the Proposals so BDO is seeking an amendment in the Administration Charge by increasing the charge to \$500,000.00.

CONCLUSION:

62. In BDO's view, the Settlement Agreement is fair and commercially reasonable, considering, among other things, the following:
- (a) The litigation risk, in view of Redrover's positions on the various issues, as set out above, the lack of reliable back-up documentation from all parties, and anticipated concerns with key witness cooperation and accessibility from Toonbox's management;
 - (b) The anticipated costs of litigation;
 - (c) The benefit of certainty and streamlining potential claims issues in the administration of the Receivership and Proposals for the key stakeholders; and
 - (d) The likelihood of an appeal, given the "all or nothing" nature of the disputes.
63. BDO therefore requests this Honourable Court's approval of this Fourth Report and the activities of BDO as reported herein, and an order approving the Settlement Agreement and Vesting the assets contemplated therein in Redrover, save for the Excluded Assets.

Dated at Mississauga, Ontario this 23rd day of April, 2020.

A handwritten signature in black ink, appearing to be a stylized name, positioned above the printed text.

BDO CANADA LIMITED

Trustee

1 City Centre Drive, Suite 1040

Mississauga, Ontario L5B 1M2