



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: BK-23-02941547-0032

DATE: 18-MAY-2023

NO. ON LIST: 2

TITLE OF PROCEEDING: NEPTUNE SECURITY SERVICES INC. v. HARRIS & PARTNERS INC.

BEFORE: JUSTICE PENNY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

| Name of Person Appearing | Name of Party | Contact Info |
|--------------------------|---------------|--|
| Eric Golden | TD Bank | egolden@blaney.com |
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For Defendant, Respondent, Responding Party:

| Name of Person Appearing | Name of Party | Contact Info |
|--------------------------|--|--|
| Howard Manis | The Debtor, Neptune Securities Services Inc. | hmanis@manislaw.ca |
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For Other, Self-Represented:

| Name of Person Appearing | Name of Party | Contact Info |
|--------------------------|---|--|
| Tim Hogan | The Proposed Receiver, msi Spergel Inc. | thogan@harrisonpensa.com |
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ENDORSEMENT OF JUSTICE PENNY:

- [1] This motion by the TD Bank was initially for an order terminating the 30-day stay resulting from Neptune's filing of an NOI under s. 50.4 of the BIA, the replacement of the proposal trustee with msi Spergel Inc. and the appointment of Spergel as receiver of the assets and undertaking of Neptune.
- [2] Yesterday, Neptune terminated its NOI by filing an assignment in bankruptcy, so the stay issue is now off the table.
- [3] TD Bank has the first registered security interest over Neptune's property as security for a loan of over \$9 million. The loan is in default. Neptune's principal asset is its accounts receivable. Those accounts were depleted by about \$10 million between April 24 and May 8. Neptune may be indebted to the province of Quebec for tax in excess of \$38 million, although there are outstanding challenges to that assessment. TD is, in any event, Neptune's principal creditor apart from the province of Quebec.
- [4] Since the assignment, Neptune is not opposing the appointment of a receiver or the replacement of the proposal trustee by Spergel.
- [5] The evidence supports the conclusion that TD's loan is in default. Its loan documentation entitles it to appoint a receiver. I am satisfied that the circumstances make it just and convenient to appoint a receiver over Neptune's assets. Spergel is qualified to do so. There will be efficiencies in having the same entity as both receiver and trustee.
- [6] The motion is granted. Orders to issue in the form signed by me this day.


Penny J.