



SUPERIOR COURT OF JUSTICE
(Commercial list)

ENDORSEMENT

COURT FILE NO.: CV-24-00712995-00CL DATE: July 24, 2025

NO. ON LIST: 3

TITLE OF PROCEEDING: **INTEL CENTERS INC. et al v. IOTICITI NETWORKS INC. et al**

BEFORE: **JUSTICE J.DIETRICH**

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Ian Klaiman	Counsel to INTEL CENTERS INC. and RUSSO CORP - RECEIVER	iklaiman@szklaw.ca
Jakob Bogacki	Counsel for Receiver	jbogacki@szklaw.ca

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Nancy Tourgis	IOTICITI NETWORKS INC. et al	ntourgis@srtlegal.com

Other:

Name of Person Appearing	Name of Party	Contact Info
Joanne Russo	Receiver	russo@russocanhelp.com

ENDORSEMENT OF JUSTICE J. DIETRICH:

Introduction

[1] Russo Corp. as court-appointed investigatory and possessory receiver (the “**Receiver**”) over the property of Iotciti Networks Inc. (the “**Company**”) seeks an order:

- a. approving the Third Report of the Receiver dated July 17, 2025 (the “**Third Report**”), and the actions, activities, and conduct of the Receiver described therein;
- b. approving and authorizing the Receiver to enter into and carry out the terms of the Settlement Agreement entered into between the Receiver, RadioMobile, Inc. (“**Radio**”) and James Moore and Kathleen Moore (the “**Settlement Agreement**”);
- c. approving the Receiver’s disbursements in the amount of \$15,300.20 pertaining to its out-of-pocket expenses incurred with respect to the removal of equipment on the various sites located at the City of Vaughan; and
- d. authorizing the Receiver to enter into a mutual release with the City of Vaughan.

[2] The relief requested by the Receiver is not opposed.

[3] Defined terms used but not otherwise defined herein have the meaning provided to them in the factum of the Receiver filed on this motion.

Background

The Receivership

[4] Russo was appointed Receiver pursuant to the Order of the Justice Wilton-Siegel dated April 4, 2024 (the “**Receivership Order**”). The Receivership Order was made in the context of an application commenced by the Applicants alleging, among other things, oppressive conduct by the Respondents.

[5] The Receivership Order gave the Receiver, among other things, the power to settle, extend or compromise any indebtedness owing to the Company, and to settle or compromise any proceedings with respect to the Company.

The Settlement Agreement

[6] The Receiver discovered on January 19, 2025, that Radio commenced an action against the Company in May 2020 in the San Diego Superior Court in California, bearing case number 37-2020-00026032-CU-COCTL (the “**California Action**”). The Company answered the California Action and filed a Cross-Complaint against Radio.

[7] The issues in the California Action included (1) a debt that Radio owed to the Company of \$1,437,688.08 USD (the “**Debt**”), and (2) the Company’s agreement to forgive the Debt in consideration of the purchase of all outstanding shares in the capital of Radio for \$2,500,000.00 USD, by way of crediting the Debt against the purchase price and then paying the balance of the purchase price.

[8] During the five years since the California Action was commenced, the Company and Radio made efforts to settle the California Action. However, by March 2025, the Company’s counsel in California removed itself

from the record in the California Action, citing unpaid legal fees of over \$100,000 USD. As well, the Receiver was advised that the California Action would be dismissed if not brought to trial by July 24, 2025. The Receiver had a limited amount of funds available which was insufficient to retain new counsel for the California Action, which could be prolonged and expensive litigation.

[9] Following negotiations between the Receiver and Radio, the parties have agreed to enter into the Settlement Agreement on the following terms:

- a. Radio shall remit to the Receiver an aggregate of \$1,600,000.00 USD (the “Settlement Amount”) through the following payments: \$600,000.00 USD by July 3, 2025; \$500,000.00 USD by August 15, 2025; and \$500,000.00 USD by October 15, 2025.
- b. the Parties understand that the Settlement Agreement shall not be effective unless and until this Court approves the terms of the Settlement Agreement and the Receiver receives the Settlement Amount (the “Effective Date”).
- c. within ten (10) business days after the Effective Date, the Receiver is to convey all of the Receiver’s interest in the shares of Radio currently held by the Company to James Moore and Kathleen Moore.

[10] The Receiver received the first payment of \$600,000.00 USD, which is being held in trust by Canada Counsel.

The City of Vaughan

[11] The Company had one significant project with the City of Vaughan (the “**Project**”) and the contract for the Project (the “**Contract**”) was no longer being serviced by the Company. Certain equipment used to service the Contract, which was owned by the Company (the “**Equipment**”), remained in possession of the City of Vaughan at and after the time of the Appointment Order at ten (10) different locations within the City.

[12] Following the City of Vaughan seeking to terminate the Contract for cause, the Receiver negotiated an agreement with the City (the “**Vaughan Agreement**”) whereby the Receiver would invoice the City of Vaughan for the remaining months outstanding under the Contract, and these invoices would be paid subject to the Receiver removing of all the Equipment from all City of Vaughan locations at the Receiver’s expense and the Receiver ensuring that areas where the Equipment was situated were rehabilitated and restored to a condition satisfactory to the City of Vaughan.

[13] Pursuant to the Vaughan Agreement, (1) the City of Vaughan made payments of the accounts to the Receiver totaling \$33,900, (2) the Receiver retained the services of 1780618 Ontario Ltd. and paid it \$15,300.20 to safely remove the Equipment from each site location, and (3) the Receiver received site inspection approval from the Manager of Wastewater and Stormwater Services.

Issues

[14] The issues to be determined are, should the Court approve: a. the Settlement Agreement; b. the Receiver’s disbursement to remove the Equipment and the Receiver entering into a Mutual Release with the City of Vaughan; and c. the Third Report?

Analysis

Approval of the Settlement Agreement

[15] To determine whether to approve a settlement in the context of an insolvency proceeding, courts generally consider (1) whether the settlement is fair and reasonable, (2) whether it provides substantial benefits to other stakeholders, and (3) whether it is consistent with the purpose and spirit of the relevant insolvency legislation: see *Maple Bank GmbH (Re)*, 2016 ONSC 7218 at para 8.

[16] As set out in *IWHL Inc., Re*, 2011 ONSC 5672 [*IWHL*], in receiverships, the Court frames the test for settlement approval through the lens of the long-established Soundair principles: a. whether the party made a sufficient effort to obtain the best price and has not acted improvidently; b. the interests of all parties; c. the efficacy and integrity of the process by which the party obtained offers; and d. whether the working out of the process was unfair: see *Royal Bank of Canada v. Soundair Corp.*, 1991 CanLII 2727.

[17] In *IWHL* at para 6, the Court went on to note "Receivers will be acting providently and making enough effort to get the best price if they carefully consider the available information and use their expertise to determine how to maximize the value of those rights. When the Receiver is considering how to deal with a cause of action, the Receiver can meet its responsibility by settling the matter as long as the proposed compromise is commercially reasonable."

[18] I am satisfied in these circumstances the *Soundair* principles have been met and the Settlement Agreement should be approved.

[19] The Receiver did not accept the initial offer and the terms of the Settlement Agreement provide for a significantly greater amount than initially offered, and to be paid in a much shorter timeframe. The Receiver does not have the resources to continue California Action. There is no suggestion that the negotiation of the Settlement Agreement was not run with integrity. The Parties participated in this process and had counsel. No objections or concerns regarding the Settlement Agreement have been brought to the Receiver's attention. This settlement was negotiated in good faith.

Approval of the Receiver's disbursement to remove the Equipment & Mutual Release

[20] The Receiver seeks approval of the amount of \$15,300.20, paid to 1780618 Ontario Ltd. to remove the Equipment from various locations in the City of Vaughan. The general standard of review of the Court in reviewing the accounts of an insolvency professional is whether the amount claimed for remuneration and disbursements incurred in carrying out the receivership are "fair and reasonable", which should be assessed in a holistic manner, rather than a line-by-line review of dockets, hours, explanations or disbursements: see *Bank of Nova Scotia v. Diemer*, 2014 ONSC 365, para. 19, affirmed 2014 ONCA 851.

[21] This disbursement is fair and reasonable given the nature of these activities as set out in the Third Report and the terms of the Vaughan Agreement.

[22] Moreover, the terms of the Vaughan Agreement, to resolve the issue around the City of Vaughan's termination of the Contract, have been satisfied. The City of Vaughan has paid the outstanding accounts to the Receiver, on behalf of the Company, and the Receiver has removed the Equipment and received a site inspection approval from the City's Manager of Wastewater and Stormwater services. The execution of a Mutual Release with the City of Vaughan is consistent with the Vaughan Agreement and is approved.

Approval of Third Report

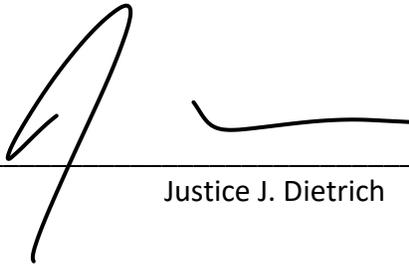
[23] The Receiver also seeks approval of the Third Report and the activities set out therein. The evidence is that the Receiver has carried out its duties in a reasonable and efficient manner, consistent with its powers.

There are no objections to the Third Report and accordingly it is approved. The draft order provides that only the Receiver may rely on such approval.

Disposition

[24] Order to go in the form signed by me this day.

July 24, 2025



Justice J. Dietrich