



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: CV-24-00712995-00CL

DATE: April 4, 2024

NO. ON LIST: 1

TITLE OF PROCEEDING: Intel Centers Inc. et al v. Ioticity Networks Inc. et al

BEFORE: MR. JUSTICE H. J. WILTON-SIEGEL

PARTICIPANT INFORMATION

For the Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Klaiman, Ian	Counsel for Applicant(s) (Intel Centers Inc. et al)	iklaiman@szklaw.ca

For Responding Parties:

Name of Person Appearing	Name of Party	Contact Info
Fleisias, Alex	Counsel for Lou Gallucci	afleisias@hammondflerias.com
Zucker, Symon	Counsel for IOTICITI Networks Inc. and Frank R. and Frank D.	sz@bondlawpc.com

ENDORSEMENT:

The applicants seek the appointment of a receiver over the asset of Ioticity Networks Inc. ("Ioticity") to determine the state of its financial affairs and preserve its assets.

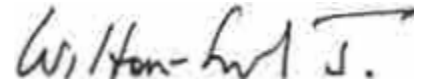
The applicants are shareholders of Ioticity who have commenced an application against Ioticity and certain of its officers and directors alleging, among other things, oppressive conduct. The application is brought pursuant to s. 101 of the *Courts of Justice Act*.

The Court has discretion to appoint a receiver where it is just and equitable to do so. The application materials regarding the present circumstances of Ioticity and the basis of the oppression claim demonstrate that it is just and convenient to appoint an investigative receiver on the basis sought by the applicants.

Insofar as it is necessary to satisfy the three-part test in *RJR-MacDonald* on the basis that the requested relief is interlocutory in nature per *Akagi v. Synergy Group (2000) Inc.*, 2015 ONCA 368 at para. 90, I am satisfied that the test is met on the following considerations. There is a serious issue to be tried in the oppression action. Among other matters, there is evidence of possible self-dealing, misrepresentations to shareholders, a failure to provide financial statements or to call a shareholders meeting, and a dissipation of assets. The applicants will suffer irreparable harm if they are unable to investigate, report and attempt to preserve what may remain of Ioticiti's assets. The balance of convenience favours the appointment. Without a receivership, the applicants will have no ability whatsoever to investigate the past affairs of Ioticiti to determine the events that have led to the present circumstances of the corporation. Conversely, the respondents have not filed any responding materials. There is therefore no evidence of any harm to the respondents.

Mr. Zucker advised the Court that there are no assets remaining in Ioticiti and therefore no monies to pay any receivership fees. In addition, and for that reason, he has suggested that the receiver should examine or otherwise meet with his clients as soon as reasonably possible regarding the affairs of the corporation.

An order shall issue in the form attached on an unopposed basis.



April 4, 2024

Wilton-Siegel J

Court File No. CV-24-00712995-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	THURSDAY, THE 4 th
)	
JUSTICE WILTON-SIEGEL)	DAY OF APRIL, 2024

INTEL CENTERS INC. and ITALO SABATO
and SILVANO ZACCHIGNA and MARIA ALICIA MAJLUF

Applicants

- and -

IOTICITI NETWORKS INC. and RONALD FRANK
and DARREN FRANK and LOU GALLUCCI

Respondents

ORDER
(appointing Receiver)

THIS MOTION made by the Applicants for an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Russo Corp. as investigatory and possessory receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Ioticiti Networks Inc. (the "**Company**") on the terms set out herein was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Italo Sabato sworn February 7, 2024, the affidavit of Silvano Zacchigna sworn February 21, 2024, and the affidavit of Tiegan Kilbride sworn February 2, 2024, and the Exhibits thereto, and on hearing the submissions of counsel for the Applicants and the Respondents, on reading the consent of Russo Corp. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 101 of the CJA, Russo Corp. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Company acquired for, or used in relation to a business carried on by the Company, including all proceeds thereof (the "**Property**"), on the terms set out herein.

INVESTIGATION MANDATE

3. The Receiver is hereby empowered and authorized to investigate and report on the true and accurate financial circumstances of the Company and the Property including, without limitation (the "**Investigation Mandate**"):

- (a) The assets, income, licensing agreements, shareholdings, liabilities and operations of the Company;
- (b) All dispositions, dealings and transactions in connection with the Property since October 1, 2018, including, without limitation, the spectrum licenses held or previously held by the Company and/or any of its subsidiaries, affiliates or related entities in any jurisdiction in Canada and/or the United States of America; and
- (c) All non-arm's length actions, transactions, dealings and conduct, including without limitation, any share issuance(s) or transaction(s), between the Company, any subsidiary, affiliate or related entity, and any of the other Respondents and/or in connection with the Property and any non-arm's length person or entity (expressly including any corporation, entity or trust) since October 1, 2018. Specifically, the Receiver is empowered and authorized to investigate, report on and/or opine on the validity,

enforceability, consideration and *bona fides* of all such actions transaction(s), dealings and conduct.

4. The Receiver shall report on the Investigation Mandate at a time and in a manner as the Receiver in its discretion may deem reasonable, on an interim and/or final basis. Subject to order of the Court, the Report(s), or portions thereof, may be filed under seal if requested by the Receiver or any of the Parties, on terms that may be agreed among the Receiver and the Parties and/or ordered by the Court.

RECEIVER'S POWERS

5. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) in furtherance of the Investigation Mandate:
 - (i) to obtain, copy, demand, require production, and/or require information in connection with the Company and/or the Property from any Person (as defined below);
 - (ii) to seek third party production order(s);
 - (iii) to conduct examination(s) under oath of the Company and/or any of its current or former directors and officers on any matter reasonably in furtherance of the Investigation Mandate;
 - (iv) to request that any third party and/or the Applicants be examined under oath on any matter reasonably in furtherance of the Investigation Mandate. If such third-party refuses to do so voluntarily, the Receiver is authorized to seek an order(s) for the examination under oath of such third party, on notice to the third party;

- (v) to require the Company, and its officers and directors, to provide the Receiver with a written consent/authorization authorizing the Receiver to obtain financial documentation and/or information from third parties with respect to any matter reasonably in furtherance of the Investigation Mandate;
- (vi) to receive, preserve and protect any information and/or documentation that comes into the possession of the Receiver, as the Receiver in its discretion may deem reasonable;
- (b) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (c) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (d) to manage, operate, and carry on the business of the Company, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Company;
- (e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (f) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Company or any part or parts thereof;

- (g) to receive and collect all monies and accounts now owed or hereafter owing to the Company and to exercise all remedies of the Company in collecting such monies, including, without limitation, to enforce any security held by the Company;
- (h) to settle, extend or compromise any indebtedness owing to the Company;
- (i) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Company, for any purpose pursuant to this Order;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Company, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (k) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (l) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (m) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Company;
- (n) to enter into agreements with any trustee in bankruptcy appointed in respect of the Company, including, without limiting the generality of the

foregoing, the ability to enter into occupation agreements for any property owned or leased by the Company;

- (o) to return to this Court to expand, amend or modify the Receiver's powers and duties conferred by this Order, in the event the Receiver deems it appropriate;
- (p) to exercise any shareholder, partnership, joint venture or other rights which the Company may have; and
- (q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Company, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

6. THIS COURT ORDERS that (i) the Company, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

7. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and including, without limitation, relating to the Investigation Mandate, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's

possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 6 or in paragraph 7 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

8. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

9. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO INTERFERENCE WITH THE RECEIVER

10. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Company, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Company are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Company's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Company or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Company shall remain the employees of the Company until such time as the Receiver, on the Company's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its

obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

LIMITATION ON ENVIRONMENTAL LIABILITIES

14. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

15. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS


16. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to

the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

17. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

18. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

SERVICE AND NOTICE

19. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL '<@>'.


20. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile

transmission to the Company's creditors or other interested parties at their respective addresses as last shown on the records of the Company and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

21. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

22. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Company or any Court-ordered capacity in respect of the Company, or any subsidiary, affiliate or related entity.

23. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

24. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

25. THIS COURT ORDERS that the Applicants shall have their costs of this motion, up to and including entry and service of this Order on a substantial indemnity basis to be paid by the Company with such priority and at such time as this Court may determine.

26. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

William-Luis J.

INTEL CENTERS INC., et al.
Applicants

-and-

IOTICITI NETWORKS INC., et al.
Respondents

Court File No. CV-24-00712995-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

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