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

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

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

**RECEIVERS 2<sup>nd</sup> REPORT**

This is the 2<sup>nd</sup> report of Russo Corp. (the “Receiver”) in its capacity as investigatory and possessory receiver over the assets and undertaking of IOTICITI NETWORKS INC.

**PURPOSE OF THE FIRST REPORT**

The purpose of the First Report is to provide an update on the actions of the Receiver since the filing of our 1<sup>st</sup> Report dated May 6, 2024.

It has now been approximately two months since the date of our Appointment. We have since engaged with the following parties :

- a) Jacob Gurnick Director of Licensing and Spectrum Operations- Innovation, Science and Economic Development Canada;
- b) Discussions and meeting with Emily Mau Legal Counsel for City of Vaughan and Emilie Alderman, Director of Environmental Services Principals from the City of Vaughan;
- c) Received financial reporting from Stephen M. Rosenberg, CPA, CA , from RSLP;
- d) Numerous discussions with R. Reusse Construction Co. Limited and their Counsel- Terrence A. Pochmurski, Cattanach Hindson Sutton VanVeldhuizen LLP RE: 900 Allstate Parkway, Markham, Ontario (the "Leased Space")
- e) Written to PINNACLE AND AppRIVER;
- f) Held discussions with Various Shareholders, reviewed shareholders list;
- g) Meeting with various parties with respect to Lucy AI and Ioticitil;
- h) Discussions with Solomon Rothbart Slodovnick Tourgis, LLP;
- i) Discussions with Symon Zucker Professional Corporation;
- j) Email discussions with Darren Frank ;
- k) Correspondence with the Bank regarding Bank Accounts;
- l) Discussions with David Hendricks, Senior Compliance Counsel, BC Securities Commissions

**Communication with Innovation, Science and Economic Development Canada (the "ISED")**  
**Licensing Body**

Since our First Reporting, we have had numerous communications with Mr. Gurnick, Director of Licensing and Spectrum Operations.

We have received the following documentation from ISED: Application documents for some of the licences being the following:

- a) Application 1: Paper application submitted by MCI;
- b) Application 2: Digital version of Application 1;
- c) Application 2a: The data imported into our spectrum management system;
- d) Application 3: Same as 2;
- e) Application 3a: Again, the data imported into our spectrum management system;
- f) Application 4;
- g) Application 4 – Attachment 1: File that MCI included for context;

We have requested copies of *All* applications submitted for each of the expired radio licences. We have requested that they retrieve all files pertaining to the archives expired licences. We have not received this information as of the date of this Report along with a copy of the rules and regulations that apply to each of the licenses.

During our discussions with Mr. Gurnick we tabled protocol and conservative measures that are in place with respect to determining if the frequencies/licenses continue to remain in place. We discussed duplication of work on both ends whether it be at the Federal Government and or in our capacity as Officer of the Court. To better stream line the process in locating/determining whether the licenses that were issued to Iotici continue to be available, it was concluded that Mr. Gurnick would reach out to their tech department as they can make this information available to us. This approach would simply assist both parties in the application process.

In our discussions, we had expressed our interest in using the radio apparatus and frequencies previously covered under licences issued to MCI. We have been informed by ISED regional licensing experts that their spectrum management system is unable to automatically extract information from expired licences to

complete the necessary analysis and confirm the availability of frequencies. We are presently investigating this matter.

Our Order permits us 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. Our recommendation is that we continue with our investigations and or consider the Application process for the issuances of licenses.

### **City of Vaughan Contract**

On Tuesday May 28, 2024 we meet with Counsel for the City of Vaughan and the Director of Environmental Services. In our meeting, it was concluded that the Contract between Ioticity and the City of Vaughan was a fixed for a one year term. The City of Vaughan reported that they were not interested in negotiating a new contract.

Our meeting concluded that we would be provided with the following documentation:

1. A Copy of the Agreement/Contract between the City of Vaughan and Ioticity;
2. A Copy of the outstanding account ledger and balance owing on account. We were encouraged to render our filling billing to the City of Vaughan. The contract period was for one year and only 3 months were billed under the contract;
3. A Summary on deficiencies on account- detailed reporting on the Intellectual Property and the deficiencies during the term of the contract ;
4. Arranging a date for inspection/site visit of equipment for the removal of the equipment.



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Our order provides us with the Authority to receive and collect all monies and accounts now owed or hereafter owing to the Company and to exercise all remedies of the Company.

### **POSSESSION OF BOOKS AND RECORDS- ACCOUNTING RECORDS**

We have written to Stephen M. Rosenberg, CPA, CA , from RSLP . Mr. Rosenberg . Mr. Rosenberg was the former accountant for Company and assisted with the financial reporting for the Company since the date of Incorporation.

On May 10, 2024 we received a zip folder of files. The file included general ledgers from clients quickbooks and some bank write up based on client information. We are in the process of reviewing same.

### **COMMUNICATIONS WITH R. Reusse Construction Co. Limited AND THEIR COUNSEL RE: 900 Allstate Parkway, Markham,Ontario (the “Leased Space”)**

The Landlord has not been co-operative throughout this process. Since the date of our Appointment, we have attempted to conduct a walk thru of the Premises and we have been refused access. We have directed the landlord and its Counsel to specific sections of the Court Order that speak to our powers and their duty to provide us access and co-operation. They simply have ignored the Court Order. The landlord has physically sent us away on 3 occasions.

- a) We provided the Landlord with documentation to support that Iotitici Networks Inc. operated their business from the leased premises;
- b) We provided the Landlord with supporting documentation to support that the assets located in both units belong to Iotitici;
- c) On April 24, 2024, we provided the landlord with copies of invoices for the purchase of the equipment that continue to remain at the Leased Space. The landlord confirmed that that assets “remain” at the leased premises;
- d) We provided the Landlord with documentation evidencing that the corporate bank account address was the Leased Space, confirmation of mailing address from Full Stack, along with York maps confirming Iotitici operated from the Lease Space;

- e) We provided the landlord with a Decision Order issued to Mr. Shaade from the Ministry of Labour, Immigration and Training and Skills Development that clearly identifies the ownership of the tools and equipment. Title to the Ownership of the Tools were clearly identified. Ownership of Tools There is no dispute between the parties that the respondent owned, maintained and paid for the majority of the tools and equipment that were necessary for the claimant to perform his duties at Ioticity;
- f) On May 2, 2024 we provided the landlord with our reporting letter with respect to the review of the photos provided by the Landlord that remain on the premises along with a detailed explanation on the description of the assets and our concerns with respect to same. Our Reporting letter was ignored.
- g) On May 6, 2024 we received an email from Counsel noting the following: *You are welcome to take away the tenant's banker's boxes of files and I expect that you can arrange that directly with my client over e-mail.* As of the date of this Report, the landlord refuses to provide us access to the premises and or pick up our records and assets.
- h) One May 21, 2024, we had written to the Landlord with respect to our letters and our emails, they were ignored.
- i) On June 5th we received a Response email from Counsel confirming the following:

*My client has not been provided any evidence to date of the bankrupt buying the shares of the tenant at any time prior to the time the tenant abandoned the premises.*

*If the tenant's assets were abandoned, then they belong to my client – unless you can provide clear and indisputable current ownership of any particular asset held by my client. Again a new question being brought to our attention.*

*Even if the bankrupt is the owner of the tenant's assets, then my client's distraint over the tenant's assets means that my client has the right to sell those assets.*

We responded to Counsel's email the same day and stressed that if they continue to refuse us access to conduct a walk thru and take possession of our assets we would bring forth the necessary Court Application compelling them. Our letter was ignored.

## **SHAREHOLDERS LIST**

The Receiver was successful in gathering a list of shareholders, amount of shares issued to each shareholders along with names and emails. Several shareholders have reached out to our offices raising concerns with respect the disposition, dealings and transactions in connection with the Property of Ioticity. A meeting was

scheduled with various Shareholders on June 8, 2024 to discuss our Role as Receiver, future Court Orders and Applications that may be brought before this Honourable Court.

Discussions with SOLMON ROTHBART SLODOVNICK TOURGIS LLP and Discussions with SYMON ZUCKER PROFESSIONAL CORPORATION

We have written to Counsel and Mr. Darren Frank with respect to the Companies books and records. We have requested copies of :

- a) All Corporate Records
- b) Year Reports and Yearly Financials
- c) Minute Books
- d) Annual Corporate filings
- e) Up to Date Share Registry
- f) Share Certificates of all shareholders
- g) Risk Acknowledgements forms for all shareholders;
- h) Confirmation that Mr. Zucker is Counsel representing Mr. Darren Frank;
- i) Confirmation that Ms. Tourgis is Counsel for Mr. Darren Frank;
- j) Confirmation if Mr. Zucker is a shareholder of Iotociti Networks Inc.;
- k) Confirmation that the name, address and phone number of the Corporate Lawyers at Dentons;
- l) Confirmation that confirm that Mr Denton has reached out to Dentons and or whether they have reached out to Dentons;
- m) Confirmation that as to which corporate records are in the possession of Mr. Zucker and Ms. Tourgis
- n) Confirmation from of what is meant when they say “they are dealing with the matter and may set up a data room giving us access”?

We have not received a response to our letter. Our order permits us to write to Darren Frank requesting that he provide the Receiver with written consent/authorization authorizing the Receiver to obtain financial documentation and/or information from these parties .

**BANK ACCOUNTS**

We have written to the Bank of Montreal requesting copies of all bank statements for the Corporation. As of the date of this Report, we have not received any bank statements.

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## **RECOMMENDATION**

As noted in our 1st Report, this investigation has proven to be very complex. We are convinced that the parties involved are being dishonest with us. Our recommendation is that the Applicants return to Court and obtain the necessary Orders to compel all parties to turn over company assets and books and records. Our existing order permits us to return to Court to return to expand, amend or modify the Receiver's powers and duties conferred by this Order, in the event the Receiver deems it appropriate

We also recommend that we conduct an 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

DATED at Aurora, Ontario this 11<sup>th</sup> day of June 2024.

Russo Corp. In its Capacity as Investigatory and Possessory Receiver over the assets and undertaking of IOTICITI NETWORKS INC.



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Per: Joanne Russo, CIRP, LIT