



NO. S-230764
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

ROYAL BANK OF CANADA

PETITIONER

AND:

**CANWEST AEROSPACE INC.,
CAN WEST GLOBAL AIRPARTS INC., and
THOMAS GEORGE JACKSON**

RESPONDENTS

**FIRST REPORT OF THE COURT APPOINTED
RECEIVER AND MANAGER OF CANWEST AEROSPACE INC.
AND CAN WEST GLOBAL AIRPARTS INC.**

DATED NOVEMBER 10, 2023

PREPARED BY DELOITTE RESTRUCTURING INC.

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INTRODUCTION

- 1) On March 8, 2023, the Supreme Court of British Columbia (the "**Court**") made an order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, RSC 1985 c.C-36, as amended (the "**CCAA**" and those proceedings, the "**CCAA Proceedings**") on the application of CanWest Aerospace Inc. ("**CW Aerospace**") and Can West Global Airparts Inc. ("**CW Airparts**" and together with CW Aerospace, the "**Companies**" or "**CanWest**"). Prior to the Initial Order, Royal Bank of Canada ("**RBC**") filed an application seeking a receiver and receiver-manager for the assets, undertakings and properties of CanWest.
- 2) Following a failed transaction and plan in the CCAA Proceedings, on August 29, 2023 (the "**Date of Receivership**"), and on application by RBC the Court made an order (the "**Receivership Order**") appointing Deloitte Restructuring Inc. as receiver and manager (in such capacity, the "**Receiver**"), without security, of all assets, undertakings and properties of the Companies. The Court proceedings in which the Receiver was appointed are referred to herein as the "**Receivership Proceedings**".
- 3) RBC is the Companies' primary secured creditor. RBC is owed approximately \$3.6 million by CW Aerospace and \$0.2 million by CW Airparts pursuant to various credit facilities. RBC holds various registered security over the Companies' assets, undertakings and properties ("**Property**"), along with various other corporate and personal guarantees (collectively, the "**RBC Security**"). The Receiver has not, as of the date of this Report, instructed its counsel to review the RBC Security.
- 4) Following the issuance of the Receivership Order, the Receiver issued a statutory Notice and Statement of the Receiver for each of CW Aerospace and CW Airparts (the "**Notices to Creditors**") pursuant to subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act (Canada)* (the "**BIA**").
- 5) The Receivership Order, together with the Notices to Creditors have been posted on the Receiver's website at <http://www.insolvencies.deloitte.ca/canwest> (the "**Receiver's Website**"). This first report of the Receiver to Court ("**First Report**") will also be posted to the Receiver's Website after it has been filed with the Court.
- 6) Unless otherwise provided, all other capitalized terms not defined in this First Report are as defined in the Receivership Order.

Purpose of the First Report

- 7) The purpose of this First Report is as follows:
 - a) To provide the Court with an overview of the Receiver's activities and the Receiver's statement of receipts and disbursements since the Date of the Receivership (attached as **Appendix "A"**);
 - b) To report on the sale process undertaken by the Receiver;
 - c) To provide the Court with an overview of the regulatory and other issues faced by the Receiver; and
 - d) To support the Receiver's application (to be filed) for an order approving the activities of the Receiver as described in this First Report and a further order that, among other things:
 - i) Directs CanWest and its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders and all other persons

acting on its instructions or behalf, including Mr. Thomas George Jackson ("**Mr. Jackson**") and Ms. Tara Lundy ("**Ms. Lundy**"), to:

- Grant immediate and continued access to the Property upon the Receiver's request;
 - Grant the Receiver immediate and unfettered access to and use of accounting, computer, software and physical facilities, including but not limited to access to electronic records and a back-up copy of the Quantum software files and associated usernames and passwords;
 - Deliver to the Receiver various information required by the Receiver to carry out its duties and maximize value for the CanWest Property, as more fully described at paragraphs 207 to 209 of this First Report;
- ii) Directs Mr. Jackson and Ms. Lundy to submit information in respect of their property claims so that the Receiver can assess and determine those claims;
- iii) Authorizes and directs the Receiver to attend at the Companies' premises with a bailiff and sheriff (if required) and remove any equipment, tools or machinery that are considered to be economically viable to remove and clearly not subject to regulatory restrictions, while abandoning the remainder of the inventory and assets; and
- iv) Authorizes an increase in the Borrowing Facility (as that term is hereinafter defined) from \$150,000 to \$500,000 to cover the potential costs and professional fees associated with the Receivership Proceedings.

Terms of Reference

- 8) In preparing this First Report, the Receiver has relied upon unaudited financial and other information prepared by the Companies' bookkeeper and accountants, the Companies' books and records, and discussions with Mr. Jackson and Ms. Lundy (together, "**Management**").
- 9) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of this information.
- 10) All dollar amounts in this First Report are in Canadian dollars, unless otherwise indicated.

BACKGROUND

- 11) The Companies are British Columbia based businesses that provide specialized aircraft and helicopter maintenance, repair and overhaul services locally and internationally. The Companies' primary assets are their aviation certificates, accounts receivable owing, work-in-progress on contracts, and prepaid expenses for deposits and associated costs, largely in relation to foreign contracts.
- 12) CW Aerospace was incorporated in British Columbia on May 12, 2004. It was previously known as Canam Components Inc. and prior to that Can West Components Inc. CW

Aerospace was established to provide maintenance, repair and overhaul services to helicopter and fixed-wing aircraft customers throughout the world.

- 13) CW Airparts was incorporated in British Columbia on October 19, 2000. It was previously known as R.T.D. Avionics Ltd. CW Airparts was incorporated to sell new and certified repaired parts to customers, including but not limited to CW Aerospace.
- 14) The sole director, officer and shareholder of both CW Aerospace and CW Airparts is Mr. Jackson. Mr. Jackson is a guarantor of RBC's loans to CW Aerospace.
- 15) Ms. Lundy acted as is the Chief Financial Officer of both CW Aerospace and CW Airparts up until October 16, 2023 when her contract of employment was terminated by the Receiver. The Receiver understands that Ms. Lundy has two other jobs in order to assist with her personal financial obligations. Ms. Lundy worked part-time on Wednesdays and some evenings to maintain the Companies' accounting and financial records.
- 16) The Receiver understands that Mr. Jackson and Ms. Lundy had not drawn a salary from the Companies for several months prior to the Date of Receivership, and they also have not drawn a salary during the Receivership Proceedings. However, Ms. Lundy has provided certain accounting services to the Receiver, particularly related to processing of payroll, on a subcontract basis.

Leased Premises

- 17) The Companies are operated from two locations:
 - a) Leased offices and a hangar located airside at the Boundary Bay Airport in Delta, BC (the "**Delta Premises**"). CanWest has operated from the Delta Premises since May 2023; and
 - b) Two workshops and related storage areas located on the property owned by Ms. Lundy in Abbotsford, BC (the "**Abbotsford Premises**").
- 18) The Delta Premises are subject to a lease agreement (the "**Delta Lease**") between CW Aerospace and Advance Aerospace Inc. ("**AAI**") with a term ending on April 30, 2025 at a monthly rental amount of approximately \$10,500 inclusive of utilities and taxes. The Receiver understands that Mr. Jackson and the principal of AAI are acquaintances. The Receiver has been paying occupation rent to AAI since the Date of Receivership.
- 19) For context, the Receiver notes that the Companies moved from its former premises in Langley (the "**Langley Premises**") to the Delta Premises during the CCAA Proceedings. Based on information provided in the CCAA Proceedings, the Receiver understands that this move was necessary because, on April 1, 2023, the Langley Premises landlord locked the Companies out and refused access for a period. Management asserts that certain CanWest and third-party assets at the Langley Premises were stolen or went missing during this period (the "**Langley Incident**"). The Companies' missing assets are subject to a pending insurance claim (the "**Langley Premises Insurance Claim**").
- 20) The Receiver understands that Ms. Lundy leases the Abbotsford Premises to CW Aerospace at a monthly rent amount of approximately \$25,000. The Receiver has made multiple requests for Management to provide a copy of the lease for the Abbotsford Premises (the "**Abbotsford Lease**"). As of the date of this First Report, the Receiver has not received or reviewed a copy of the Abbotsford Lease, nor has the Receiver been able to confirm the terms.

- 21) Mr. Jackson has advised the Receiver that he thinks that the Abbotsford Lease is in a box at the Delta Premises but that he has not yet been able to locate it. The Receiver notes that several large pallets and boxes have not yet been unpacked following the Companies' move in May 2023 from the Langley Premises to the Delta Premises.
- 22) Based on the Receiver's experience and in contrast to the terms of the Delta Lease, the monthly rent of \$25,000 for the Abbotsford Premises appears to be unusually high for the size and location of the workshops and related storage areas. As noted above, the Receiver has not received a copy of the Abbotsford Lease to confirm its terms.
- 23) Ms. Lundy advised the Receiver that, prior to the Date of Receivership, CanWest had paid rent up to September 30, 2023. On October 16, 2023, Ms. Lundy confirmed that she would not charge the Receiver rent from October 16, 2023 onwards while she sought to arrange the Lundy Funding (as defined below) and continued to pursue a going-concern transaction.
- 24) Ms. Lundy lives in a house located on the Abbotsford Premises. The Receiver understands that Mr. Jackson lives in an RV travel trailer, also located on the Abbotsford Premises.
- 25) The Receiver notes that it is not able to change the locks and secure the Companies assets at the Abbotsford Premises since the workshops are located on premises that are also Ms. Lundy and Mr. Jackson's personal residences, with access via a security gate.
- 26) The Receiver notes that the Delta Premises are airside, and special approvals are required to access the building. The Receiver also notes that the AAI (the landlord) occupies a portion of the hangar and uses it daily, and assets of AAI and CanWest are, to some extent, intermingled at the Delta Premises. As a result, the Receiver is not able to change the locks and secure the Companies assets at the Delta Premises.

Books and records

- 27) The Companies maintain hard copy and electronic books and records which are held at both the Abbotsford Premises and the Delta Premises. The Receiver has not been provided access to any hard copy records of CanWest, and the Receiver's access to records and information will be further described later in this First Report.

Employees

- 28) On the Receivership Date, the Companies had six employees (excluding Mr. Jackson and Ms. Lundy), and one part-time contractor who is an aircraft instrument repair technician (the "**Contractor**"). The Receiver understands that all the employees had contracts of employment with CW Aerospace.

Preceding CCAA proceedings and receivership application

- 29) The business and affairs of the Companies and the causes of their insolvency are described in further detail in the First Affidavit of Mr. Jackson filed in the CCAA Proceedings and accordingly have not been repeated in this First Report.
- 30) Following various events of default under the credit facilities provided by RBC to the Companies, on January 31, 2023 RBC sought to appoint a receiver over the Companies' Property. On March 8, 2023, the Companies sought and obtained a stay of proceedings pursuant to the Initial CCAA Order in the CCAA Proceedings to allow the Companies time to restructure their affairs and meet their obligations to RBC and other creditors.

- 31) During the CCAA Proceedings, FTI Consulting Canada Inc., in its capacity as the court-appointed Monitor (the "**Monitor**") of the Companies, undertook a sales and investment solicitation process (the "**CCAA SISP**") to solicit interest in and opportunities for a sale of or investment in the Companies or their assets. The CCAA SISP and other activities and updates in the CCAA Proceedings are outlined in the seven reports issued by the Monitor that can be found on the Monitor's website at cfcanada.fticonsulting.com/CWA. Some information regarding the CCAA SISP is explained later in this First Report.

POWERS OF RECEIVER

- 32) The Receiver's powers are detailed in paragraph 2 of the Receivership Order and include, among things, the power to take and maintain possession and control of the Property; the power to manage, operate and carry on the business of the Companies; and, the power to market and sell the Property (subject to Court approval if any one transaction exceeds \$50,000 or if the aggregate of transactions exceeds \$200,000).

POSSESSION AND CONTROL OF ASSETS

Initial actions of the Receiver

- 33) In the initial stages of the Receivership Proceedings, the Receiver took the following steps with respect to the assets and operations of the Companies:
- a) Attended at the Abbotsford Premises and the Delta Premises to meet with Management and employees and to inspect the operations, equipment and inventory of the Companies;
 - b) Attended to telephone calls with various stakeholders including legal counsel to RBC;
 - c) Advised the Companies' insurance broker of the Receivership Proceedings and confirmed and arranged for amendments to the existing insurance policies to reflect the Receivership Proceedings;
 - d) Held multiple meetings and telephone calls with Management to discuss the status of the work-in-progress and to request various financial information;
 - e) Retained Fasken Martineau DuMoulin LLP ("**Fasken**") to act as legal counsel to the Receiver;
 - f) Reviewed the staff complement and payroll and retained Ms. Lundy on a contract basis to provide certain payroll services and to collate creditors records required to draft the Notices to Creditors;
 - g) Prepared and issued notices required under the BIA including:
 - i) Preparing and Mailing the Notices to Creditors;
 - ii) Submitting the Notices of Creditors to the Office of the Superintendent of Bankruptcy; and
 - iii) Setting up a page on the Receiver's Website for stakeholders to access the various Court orders and materials.

- h) Liaised with various creditors relating to the Companies' outstanding liabilities and the Receivership Proceedings;
- i) Corresponded with Ms. Lundy to obtain a copy of the Companies' financial records via a back-up of the Quickbooks system; and
- j) Contacted the Canada Revenue Agency ("CRA") to open new payroll remittance and goods and services tax ("GST") accounts to facilitate filings for the period after the Date of Receivership.

Operations of the Companies following the Date of Receivership

- 34) Upon its appointment, the Receiver was advised by Mr. Jackson that CW Aerospace had a current work order book of approximately 500 to 600 jobs. The Receiver requested that Mr. Jackson provide a summary of the work orders that could be completed within two to four weeks, along with any costs related to parts or outsourcing of services to complete these work orders.
- 35) Despite, at the outset of these Receivership Proceedings, Mr. Jackson agreeing to provide this analysis and information, as of the date of this First Report Mr. Jackson has failed to provide this information to the Receiver, despite repeated requests. Mr. Jackson also did not provide access to the underlying documents or information that would allow the Receiver to assess the work orders, including their potential revenues and costs.
- 36) Without this information, the cash flow of operating the Companies was highly uncertain. Considering these uncertain economics, potential regulatory and other risk factors, the Receiver did not make any material purchases of parts or services associated with the work-in-progress and has not allowed any part sales or completed projects to be shipped during the Receivership Proceedings.
- 37) CW Aerospace's business model operated on taking deposits from customers for major parts purchases required in their work orders. Based on its experience, the Receiver did not expect that customers would pay deposits for work to be completed during the Receivership Proceedings since it was uncertain whether the orders could be completed and the creditors would have only unsecured claims for the return of their deposit.
- 38) In the first meeting held with Mr. Jackson, he informed the Receiver that several parties remained interested in acquiring the Companies as a going concern and that it was critical that all the employees be retained to conclude such a sale. The payroll cost amounted to approximately \$12,000 (gross) every two weeks, including the Contractor.
- 39) Given the relatively modest payroll cost, the Receiver retained the employees to allow them to continue to focus on completing work-in-progress and on completing certain of the Bangladesh Contracts (as defined later in this First Report) while the Receiver explored a potential sale of the Companies as a going concern.
- 40) On October 16, 2023, after concluding that a sale as a going concern was likely not viable (described further below), the Receiver terminated all the CW Aerospace employees, except for Mr. Jackson.

ASSETS OF THE COMPANIES

Bank Accounts

- 41) The Companies had been operating their businesses through accounts they had with the Toronto Dominion Bank (the "**TD Bank Accounts**").
- 42) Shortly after the Date of Receivership, the Receiver set up its own bank accounts and arranged for the balances in the TD Bank Accounts to be transferred to the Receiver.
- 43) The Receiver received \$10,708 in respect of CW Aerospace and \$4,146 in respect of CW Airparts and deposited these amounts into the receivership accounts.
- 44) Following inquiries by the Receiver, City National Bank ("**CNB**") advised that CanWest Aerospace USA Inc. ("**CW USA**") held an account with CNB with a balance of US \$604. CW USA is a wholly owned subsidiary of CW Aerospace, but it is not subject to the Receivership Order. Accordingly, the Receiver has not yet sought the freezing of this bank account or transfer of funds.

Bangladesh Contracts

- 45) Management provided the Monitor with a spreadsheet summarizing 12 individual contracts (the "**Bangladesh Contracts**") as between CW Aerospace and the Directorate General Defence Purchase (Ministry of Defence) for the Government of the People's Republic of Bangladesh ("**Bangladesh MoD**").
- 46) Attached as **Appendix "B"** to this First Report is an excerpt of that spreadsheet (the "**Bangladesh Contract Summary**"). The Bangladesh Contract Summary was last updated in March 2023.
- 47) Based on the Bangladesh Contract Summary, the total revenue associated with the 12 contracts is approximately US \$3.8 million. Each of the Bangladesh Contracts was supported by a Letter of Credit ("**LC**") drawn on a bank in Bangladesh for the value of the contract. Mr. Jackson has advised the Receiver that there now remain 9 active Bangladesh Contracts.
- 48) Pursuant to the terms of the majority of the Bangladesh Contracts, 80% of the contract price is to be paid upon delivery of the shipping documentation with the final 20% to be paid upon satisfactory acceptance of the completed parts by the Bangladesh MoD.
- 49) The summary also indicates the Companies estimate of costs to complete the work on each of the Bangladesh Contracts (though the Receiver notes that this cost estimate has not been updated since March 2023 and certain work had been advanced on the Bangladesh Contracts since that date).
- 50) The Receiver is advised by Mr. Jackson that some parts related to the Bangladesh Contracts were stolen or went missing during the Langley Incident in April 2023 and are subject to the Langley Premises Insurance Claim. If the insurance claim is not successful (the Langley Premises Insurance Claim is discussed in more detail later in this First Report), the Companies will incur additional costs to complete the Bangladesh Contracts.
- 51) The largest Bangladesh Contract by dollar value is referred to as the EMS contract (the "**EMS Contract**") as it relates to two kits that will convert a Bell 212 helicopter and an Mi-17 helicopter for use as emergency medical services helicopters.

- 52) The Companies have outsourced the work for manufacturing the Bell 212 and Mi-17 kits to an Austrian based company, Air Ambulance Technology ("**AAT**"). The Receiver contacted AAT and established that:
- a) In January 2022, AAT was paid approximately EUR 1.0 million as a prepayment to advance the manufacturing of the EMS kits;
 - b) The Bell 212 kit (the "**Bell 212 Kit**") was completed in August 2023, and the next steps would involve shipping it to the Bangladesh MoD, installing it on the Bell 212 helicopter and then providing training on its use to personnel;
 - c) Work has started on the Mi-17 kit, but has since been put on hold, pending AAT receiving a further payment of approximately EUR 0.8 million to complete the work.
- 53) The Receiver understands that the Companies used funds borrowed from RBC to finance the prepayment to AAT described above. The payment made to AAT is indicated as a prepaid deposit on CW Aerospace's balance sheet.
- 54) The Receiver notes that, based on the Bangladesh Contract Summary, Management's estimate of the cost to complete the EMS Contract is US \$1.1 million with an additional US \$300,000 of costs to complete the other Bangladesh Contracts.¹ Accordingly, CanWest estimates net profit of approximately US \$2.3 million before any late delivery charges or costs to replace missing or lost parts, and assuming the contract price is fully recoverable².
- 55) Given the limited documents and information, the status of the Bangladesh Contracts is unclear, but the Receiver is advised that an agent for the Bangladesh MoD remains involved in discussions with Mr. Jackson and potential interested parties on how the contracts may be completed and on what terms.
- 56) In its site tour of the Delta Premises and Abbotsford Premises, the Receiver was shown crates of aircraft instruments and parts intended to fulfil certain of the Bangladesh Contracts.
- 57) The Receiver understands from RBC that a number of the LC's issued for the benefit of CW Aerospace to support the Bangladesh Contracts have now expired. Accordingly, to complete the work, the Companies would need to obtain new LCs from a Bangladesh bank on behalf of the Bangladesh MoD.
- 58) In addition, the Receiver understands that there was a LC issued for the benefit of the Bangladesh MoD in respect of a performance guarantee for the EMS Contract in the amount of US \$310,170 (the "**PG LC**"). The Receiver understands that the PG LC has expired, and that the Bangladesh MoD will require a new PG LC from any party that acquires or continues the EMS Contract. This will represent a material working capital requirement which will only be released once the EMS Contract is properly completed to the satisfaction of the Bangladesh MoD.
- 59) In summary, the Receiver notes that the value of the work-in-progress associated with the Bangladesh Contracts is subject to significant uncertainty owing to the delays in delivery, the difficulties of dealing with the Bangladesh MoD, the expired LCs and PG

¹ As noted above, the Bangladesh Contract Summary was last updated in March 2023.

² The completion and delivery of the Bangladesh Contracts was scheduled to occur in stages over the five months ended September 2023. The Receiver understands that the Bangladesh Contracts include a 10% charge for liquidated damages for late delivery.

LC, the material working capital requirement to complete the contracts and the loss of certain parts associated with the contracts.

Inventory Listing

- 60) The Receiver understands that as of April 23, 2023 CW Aerospace and CW Airparts listed inventory on their balance sheets with a book value of \$1.6 million and \$1.0 million, respectively. The Receiver understands that Management has not updated the value of the Companies' inventory in the accounting system since this date.
- 61) The Receiver obtained from the Monitor a copy of an extract ("**Inventory Listing**") from the Companies' electronic inventory system called "Quantum".
- 62) The Inventory Listing is subject to several material shortcomings which means that it cannot be relied upon as an accurate or current view of the inventory held by the Companies, including:
 - a) The Inventory Listing was extracted in April 2023 and has not been updated to include any sales or purchases since then;
 - b) It is not clear if manual adjustments have been completed to exclude customer owned parts, third party owned or consignment inventory;
 - c) Certain inventory that was originally purchased in lots may be included at the original cost, even though many of the parts within the lot have previously been sold;
 - d) CW Aerospace strips larger parts and old helicopters to sell parts as and when they are required by customers, and the removal of these parts may not have been accurately reflected in the value of the inventory;
 - e) The value of parts may not account for very slow moving or obsolete parts;
 - f) The loss of certain parts in the Langley Incident may not have been properly reflected;
 - g) The location data on the system has not been updated following the move from the Langley Premises; the move was undertaken quickly such that some parts were not well organized for easy verification and some remain unpacked in crates; and
 - h) Parts related to military helicopters/applications are not properly identified.
- 63) Given the above limitations, the Receiver is of the view that the Inventory Listing cannot be relied upon by potential interested parties in a sale process or for the potential value of the Companies' inventory.
- 64) At the outset of the Receivership Proceedings, the Receiver requested the following from Mr. Jackson (the "**Inventory Information**"):
 - a) An updated Inventory Listing to provide a more accurate picture of the inventory on hand;
 - b) A listing of all military or dual use parts;
 - c) A list of vendors that had provided consignment inventory and a list of the consignment inventory on hand;

- d) A list of customers that had third-party owned parts at CanWest's premises;
 - e) A list of the third-parties that had owned inventory on hand; and
 - f) A customer listing.
- 65) To date, Mr. Jackson has failed to provide the Receiver with the above Inventory Information, despite multiple requests.
- 66) In addition, Mr. Jackson has refused to provide a copy of the Quantum system to the Receiver or allow an IT technician to take a back-up copy, citing security concerns related to military parts information (as described in more detail later in this First Report).
- 67) In relation to providing a listing of the military parts, Mr. Jackson asserts that the information held on the Quantum system does not allow an easy identification of the parts that are military in nature. He further asserts that it would take a team of four or five people approximately four to six weeks to identify the military parts since each part would need to be checked against two databases regarding restricted goods.
- 68) The Receiver has also been prevented from taking photos of certain inventory at the Delta Premises and Abbotsford Premises due to the concerns raised by Mr. Jackson related to controlled goods.
- 69) Due to the regulatory issues and concerns, described further below³, and the lack of certainty that a sale can be concluded, the Receiver has concluded that it would not be economic or cost-effective to create a detailed inventory listing.

Consignment Inventory

- 70) Mr. Jackson has advised the Receiver that the Companies are in possession of consignment inventory. At the outset of the Receivership Proceedings, the Receiver requested a list of all the customers and parts that may be third-party owned, including consignment inventory. Mr. Jackson has failed to provide this information, despite several requests. He also claims that the consignment inventory is not segregated from other inventory.
- 71) No vendors have contacted the Receiver claiming title to consignment inventory.

Inventory Value

- 72) During the CCAA Proceedings, the Monitor contacted a representative of Maynards Industries to enquire as to a cursory estimate of value for the inventory. The Monitor cautioned that a list of inventory was neither provided to the representative nor was access provided for inspection. Based on the previous experience of Maynards Industries with an aircraft parts sale from Air Canada's maintenance company, the representative provided an oral estimate of between 10 – 20 cents on the cost dollar due to the specialty nature of aircraft parts and the timeline that would be required to dispose of the inventory.
- 73) In these proceedings, the Receiver contacted Able Auctions Ltd. ("**Able**") and had them attend at the Delta Premises and Abbotsford Premises to assess the potential value of the Companies' assets and inventory in an auction or liquidation in case an en-bloc transaction did not proceed. Able indicated that a lot of the parts, tooling and equipment are specialized in nature and would have limited value in an auction and

³ See the section titled Regulatory Considerations.

that overall net realizations after moving, storage and commission costs would likely amount to less than \$50,000.

Third-Party Owned Parts

- 74) As part of its business, CW Airparts runs a program to service customers requiring parts on an emergency basis. As part of this program, CW Airparts will sell a part to its customer for an agreed price plus an additional charge for the cost of the estimated repair required by CW Aerospace on the customer's broken part (the "**Core Charge**").
- 75) If the repair of the broken part is less than the Core Charge, CW Airparts makes an adjustment to the Core Charge. In that scenario, CW Airparts generates a margin from the sale of the part and once the broken part is repaired and certified, it becomes part of CW Airparts' inventory and the customer keeps the new part it received.
- 76) Occasionally the broken part cannot be repaired in which case the Core Charge is kept by CW Airparts. As indicated on CW Airparts' balance sheet, customer deposits represent the Core Charges on hand.
- 77) In non-emergency cases, or where CanWest does not have or cannot source a replacement part, the customer may send CanWest a part for repair, maintenance or overhaul. Accordingly, the Companies may be in the possession of third-party owned parts that could be either in the same state as when they were first shipped to CanWest, or in various states of disassembly or repair.
- 78) At the outset of the Receivership Proceedings, the Receiver requested a list of all the customers and parts that may be third-party owned. Mr. Jackson has failed to provide this information, despite numerous requests.
- 79) To date, the Receiver has only been contacted by three companies requesting the return of third-party owned parts:
 - a) Ex-Sell Aeroparts. This customer has provided a valid reclamation of property claim in relation to a fuel shut-off valve and the part was identified in a disassembled state at the Abbotsford Premises. The customer has executed a release and indemnity in favour of the Receiver. The Receiver understands that Mr. Jackson has arranged for this part to be shipped back to the customer.
 - b) AAA Technology FZE. The Receiver understands that this customer subcontracted work to CW Aerospace under a contract with G.C.Q. Bahrain Defense. The customer has provided a valid reclamation of property claim related to two helicopter rotor blades. Mr. Jackson has been unable to locate the parts and advises the Receiver that he believes they may have gone missing or been stolen during the Langley Incident.
 - c) Eagle Worldwide Fleet Management. This customer has asserted a claim to a part that is the subject of purchase order PO23-0000811. The Receiver corresponded with this customer on September 25, 2023 and has received no response. The customer has not filed a reclamation of property claim with the Receiver.
- 80) Ms. Lundy has asserted title to various Bell 206 and Astar helicopter parts. Ms. Lundy asserts that the Bell 206 was destroyed in an accident and has provided photos of the crashed helicopter. As of the date of this First Report, Ms. Lundy has not provided any other information to support the ownership of these parts. Among other things, the Receiver seeks a direction for particulars of this, and any other ownership claim

asserted by Ms. Lundy or Mr. Jackson, to be provided so that the Receiver can assess these claim.

Accounts Receivable

- 81) Ms. Lundy provided an accounts receivable ("**AR**") listing for the Companies. However, she noted that much of the AR had been collected through the CCAA Proceedings and it was now the Companies' policy to bill in advance for work.
- 82) The Receiver reviewed the AR listing with Management and was notified that there were several inaccuracies with the list provided. In total, the Receiver estimates that there may be approximately US \$151,000 of AR, the majority of which relates to a contract that with Ecuador Army, Army Aviation Brigade No. 15 (the "**Ecuador Contract**").
- 83) The Ecuador Contract was entered into by CW Aerospace in August 2021 and related to the structural repair of a cabin of a Super Puma helicopter. The work was performed by CW Aerospace pursuant to the scope of the contract, however CW Aerospace incurred charges for additional work performed and out of pocket travel expenses in the amount of US \$147,000 which were billed after the work was completed.
- 84) The Receiver has seen email correspondence from an aviation adjuster referencing the steps that need to be completed to have the payment released (see copy attached in **Appendix "C"**) and a letter from Mr. Jackson to the Ecuador Army) seeking its assistance to get the payment released. Mr. Jackson believes that a visit to Ecuador may be required to obtain payment of the outstanding US \$147,000. The Receiver will consider options for pursuing this receivable in the coming weeks.
- 85) The balance of the AR listing (approximately US \$4,000) is very aged and may not be collectable.

Langley Premises Insurance Claim

- 86) As noted above, Mr. Jackson has advised the Receiver that the Companies' have started an insurance claim in relation to the inventory and equipment that went missing during the Langley Incident. A claims adjuster is involved, and the Receiver understands that the next step will require Mr. Jackson to particularize the missing items.
- 87) Given the time that has elapsed since the Langley Incident and the co-operation that would be required from Mr. Jackson to advance the claim, the Receiver believes that it is highly uncertain if the Companies will receive recovery on this insurance claim. The Receiver has requested information related to the claim and copies of correspondence with the adjuster. To date, Management has failed to provide this documentation.

Machinery, Equipment and Helicopters

- 88) The Companies' property and equipment is comprised mainly of shop and office equipment, tools, computer equipment, computer software, and manuals with a reported net book value of approximately \$915,000 as of December 31, 2021. These assets are located at both the Delta Premises and Abbotsford Premises.
- 89) CW Aerospace has a Laselec MRO 200-B Laser Wire Marker (the "**Wire Marker**") that was purchased for approximately US\$86,000 in 2017. Based on information provided

by Mr. Jackson, the Receiver understands that the Wire Marker has failed optics and crystal components and needs material repairs before it is useable again.

- 90) The Wire Marker is located at the Abbotsford Premises and the Receiver understands that Business Development Bank of Canada ("**BDC**") has a first-priority charge on this asset.
- 91) Aside from a forklift truck at the Delta Premises, many of the Companies' tools and equipment are bespoke to the aerospace industry and are expected to have limited realizable value.
- 92) The Receiver has requested an asset register from Management. Management asserts that they do not have a current asset register and has failed to provide one.
- 93) Ms. Lundy has advised the Receiver that she owns certain tools and machines located in the workshops at the Abbotsford Premises. Ms. Lundy has not yet provided a list or proof of ownership for the tools and machines over which Ms. Lundy asserts ownership. As noted above, the Receiver seeks a direction requiring Mr. Jackson and Ms. Lundy to provide particulars so that the Receiver can assess the claims.
- 94) The Companies also have some bespoke tooling and dies for helicopter repair and overhaul. However, Mr. Jackson has advised that much of this tooling is subject to licence agreements with original equipment manufacturers such as Sikorsky that would prevent the sale of this equipment.
- 95) Ms. Lundy's company 0854271 BC Ltd. ("**085BC**") has asserted an ownership claim to two Eurocopter BO-105 helicopters (the "**Lundy Helicopters**") that are located at the Delta Premises and are not currently air worthy. Ms. Lundy has provided a copy of an aircraft purchase and sales agreement that confirms that 085BC purchased the Lundy Helicopters in October 2012.

Other Assets

- 96) Ms. Lundy provided a draft balance sheet for CW Aerospace dated December 7, 2022. The balance sheet shows an intangible asset listed as a government certificate hoist kit with a net book value of approximately \$197,000. The Receiver is investigating the nature of this intangible asset and the associated hoist kit and will consider if any value can be realized in respect of it.
- 97) CW Aerospace has an investment in and advances to CW USA of approximately \$5,000 as of December 31, 2021. Advances to CW USA were made on an unsecured, non-interest-bearing basis. As far as the Receiver is aware, CW USA has no material assets, and this balance is unlikely to be collectible.

REGULATORY CONSIDERATIONS

Transport Canada Civil Aviation Certifications

- 98) The Companies operate within a highly regulated industry overseen by Transport Canada Civil Aviation ("**TCCA**").
- 99) As outlined in the Monitor's first report to Court dated March 16, 2023 CW Aerospace operates under several certificates granted by TCCA including:

- a) A Certificate of Approval as an Approved Maintenance Organization for the maintenance of aeronautical products in the category of aircraft, avionics, components, instruments and structures pursuant to the *Canadian Aviation Regulations SOR/96-433* ("**CARS**");
 - b) Approved Maintenance Organization Ratings for certain series of helicopters and fixed wing aircraft;
 - c) A Federal Aviation Association ("**FAA**") Certificate (a bilateral certification program with the United States);
 - d) A European Aviation Safety Agency Certificate (a bilateral certification program with the European Union);
 - e) Separate Approved Maintenance Organization Ratings for avionics, components, instrument and structure; and
 - f) A Certificate of Approval as an Approved Organization for the distribution and certification of previously certified aeronautical products.
- 100) The Receiver understands that the above certifications are not transferable.
- 101) The Receiver is advised that, pursuant to CARS, there are three official positions required to be held by qualified individuals to hold the above noted TCCA certifications:
- a) An Accountable Executive;
 - b) A Person Responsible for Maintenance; and
 - c) A Quality Assurance Manager.
- 102) The Receiver understands that Mr. Jackson meets the qualifications required for each of the three positions and is currently the designated person on behalf of the Companies for each of the three positions.
- 103) The Receiver is advised that the Accountable Executive is usually the person who holds financial control and responsibility of the business.
- 104) On September 25, 2023 the Receiver wrote to the Minister of Transport advising the Minister of the Receivership Proceedings and that the Companies were continuing to operate while the Receiver sought a buyer for the Companies as a going concern.
- 105) The Receiver also notified the Minister of Transport that Mr. Jackson was the Accountable Executive under CARS and that Mr. Jackson was and is continuing to oversee the operations of the Companies, with the oversight of the Receiver. As of the date of this Report, the Minister of Transport has not contacted the Receiver regarding the notice received or these Receivership Proceedings.

Controlled Goods Program

- 106) CW Aerospace also holds a Certificate issued by the Minister of Department of Public Works and Government Services Canada allowing it to carry on business pursuant to the Controlled Goods Program ("**CGP**") and the *Defence Production Act* ("**DPA**"). A copy of this CGP Certificate is attached as **Appendix "D"**.
- 107) CGP is a Canadian government program administered by Public Services and Procurement Canada ("**PSPC**") that regulates the examination, possession, and

transfer of controlled goods such as technology, equipment, and software, which have military, national security, or economic importance and are subject to export and import controls. To participate in the program, organizations must undergo a security assessment and obtain a CGP registration. This registration allows them to examine, possess, and transfer controlled goods within Canada.

- 108) On October 31, 2023 the Receiver sent an email to PSPC advising of the Receivership Proceedings and seeking more information and guidance in relation to CW Aerospace's CGP certification.
- 109) The Receiver understands that there are similar regulations in the US, specifically the *International Traffic in Arms Regulations* ("**ITAR**") that are administered by the United States Department of State which control the export and import of defense-related goods, equipment, services, and technical data.
- 110) Companies that deal with ITAR-controlled items must comply with strict regulations, including obtaining licenses and authorizations for the export of these items. They must also implement controls to ensure that ITAR-controlled items are not transferred to unauthorized parties or countries.

Requirements of CGP

- 111) The Receiver understands that Mr. Jackson is the Designated Official with respect to the CGP certificate. The Designated Official is responsible for ensuring that the organization complies with all applicable regulations, including the *Controlled Goods Regulations (SOR/2011-32)* ("**CG Regulations**") and the DPA.
- 112) Based on its investigations (which have been limited to manage the costs of these proceedings and ensure steps taken are cost-effective), the Receiver understands that the responsibilities of the Designated Official include, among other things:
 - a) Ensuring that the organization has a valid CGP registration and that all required security clearances are in place for employees who handle controlled goods and technology;
 - b) Developing and implementing policies and procedures to ensure that controlled goods and technology are properly safeguarded and controlled;
 - c) Ensuring that all employees who handle controlled goods and technology are aware of their responsibilities, receive appropriate training and do not pose a risk under CG Regulations;
 - d) Conducting periodic reviews and audits of the organization's CGP to ensure ongoing compliance with regulations; and
 - e) Reporting any incidents or suspected breaches of security to the appropriate authorities in a timely manner.
- 113) In addition, there are record keeping requirements under the CG Regulations that require CW Aerospace to keep track of all controlled goods in its possession. For example, CG Regulations require that:
 - a) A recordkeeping system must be established, implemented and effectively applied over the period of registration, and kept for 5 years after the person ceases to be a registrant;

- b) The registrant must keep records of all transfers, receipts or dispositions of controlled goods to another registrant during the period of registration and retain these records for a period of 5 years after the person ceases to be a registrant; and
 - c) The CGP Regulations stipulate that all records and documents maintained by the registrant must be made available, at any reasonable time, to the CGP for examination.
- 114) As the Designated Officer under CW Aerospace's registration, Mr. Jackson is responsible for overseeing the record keeping in accordance with the provisions of the CGP Regulations.
- 115) The Receiver has, at a high level, reviewed the "Guideline on Controlled Goods Program Registration", attached as **Appendix "E"** (the "**Guideline on CGP Registration**"). The Receiver makes the following relevant observations:
- a) The Receiver, as an officer of the Court does not appear to be exempt or excluded from requiring an application under the CGP (sections 1.2.2 and 1.3 of the Guideline on CGP Registration);
 - b) The recordkeeping system in place at the registrant's place of business must only be accessed by individuals who are authorized to do so by the registrant (in this case, CW Aerospace/Mr. Jackson as Designated Officer, section 2.2 of the Guideline on CGP Registration); and
 - c) An individual is exempt from registration if they are a director, an officer or an employee of a person registered to access controlled goods under ITAR, as per section 16 of the CG Regulations. No application needs to be submitted to the program for such persons (section 1.2.2 of the Guideline on CGP Registration).
- 116) The Receiver has attempted to clarify these issues by making enquiries with PSPC, but has not received a response by the time this First Report was finalized. However, the Receiver believes that Mr. Jackson can authorize the Receiver to access CanWest's records, as noted above.

Mr. Jackson's Concerns

- 117) Mr. Jackson has advised the Receiver that certain aircraft parts at the Delta Premises and the Abbotsford Premises may be subject to the provisions of CG Regulations and ITAR due to dual military/civilian use, and that strict protocols must be followed in relation to the examination, possession and transfer of these parts.
- 118) Mr. Jackson has further advised that due to the existence of military or dual use parts, the Receiver cannot take possession of **any** inventory at either location until those parts that are subject to restrictions have been identified and separated.
- 119) The Receiver has requested that Mr. Jackson provide a list of all parts in the Companies' possession that may be subject to CGP and ITAR. Mr. Jackson has failed to provide this list, asserting that the information is not readily available in the Quantum software and that it would take a team of four or five people approximately four to six weeks to identify the military parts.⁴

⁴ As noted above, Mr. Jackson advises that it requires these individuals to check the parts against two databases.

- 120) Despite the provisions of paragraph 6 of the Receivership Order compelling Mr. Jackson to forthwith give unfettered access to the Receiver of records stored electronically, Mr. Jackson has refused to provide a copy of the Quantum system to the Receiver or allow an IT technician to take a back-up copy, citing security concerns related to CG Regulations and ITAR and his personal responsibilities under these regulations.
- 121) A copy of the Receiver's email to Ms. Lundy (copied to Mr. Jackson) dated October 23, 2023 and Mr. Jackson's response of the same date, is attached as **Appendix "F"**. A further response to Mr. Jackson from the Receiver's counsel dated October 24, 2023 and Mr. Jackson's response dated October 25, 2023 is attached as **Appendix "G"**.
- 122) In summary, Mr. Jackson asserts that the Court was not fully informed of the applicable regulations when making the Receivership Order and that he requires "immunity from the Court" before allowing a copy of the Quantum database to be provided to the Receiver. Mr. Jackson has not fully articulated the applicable regulations or provided the Receiver with the citation or authority for this restriction.

Controlled Goods Program Renewal Application

- 123) The Receiver notes that the Companies' CGP certificate (attached as **Appendix "D"**) expired on September 13, 2023. On October 30, 2023 Mr. Jackson advised the Receiver that an application was submitted to renew the CGP certification prior to its expiry along with an updated security assessment application for Mr. Jackson.
- 124) Mr. Jackson has refused to provide the Receiver with a copy of the renewal application, on the basis that it includes personal information, and that the Receiver does not have security clearance to receive the information contained therein.
- 125) The Receiver has reviewed the "Application for Registration" under the CGP (attached as **Appendix "H"**). Based on its review, the application form does not appear to include any sensitive information that would require security clearance to deliver a copy to the Receiver. Furthermore, on page 3 of the application form, the applicant (CW Aerospace) is required to describe the controlled goods in the applicant's possession as set out in the Schedule to the DPA and the United States Munitions List, part 121 of ITAR. This section of the application form appears to be a general description of the controlled goods and their relevant classification numbers.
- 126) The Receiver believes that the information contained in the renewal application would assist the Receiver in identifying the Companies' assets and property that are not subject to CGP restrictions and could be monetized for the benefit of stakeholders. Accordingly, on October 31, 2023 the Receiver requested that Mr. Jackson provide a copy of the application, redacted for his personal information. At the time this First Report was finalized, Mr. Jackson had not responded to this request.

Receiver's Further Observations

- 127) The Receiver is of the view that Mr. Jackson must have some knowledge of the controlled goods in the Companies' possession given that he has advised that he recently completed the renewal for the CGP certification.
- 128) Furthermore, based on the record keeping requirements of the CGP Regulations (as outlined above), the Receiver believes that the Companies, and Mr. Jackson, ought to have records of the controlled goods in the Companies' possession. Accordingly, the Receiver questions why Mr. Jackson cannot provide the list of controlled goods, or at least provide a list of the key contracts that the Companies are working on that have

potential military uses to assist the Receiver in identifying and separating such property.

- 129) Based on the Receiver's investigations and discussions with Mr. Jackson, the Receiver is currently only aware of three contracts that may be subject to CG Regulations and ITAR, including:
- a) The Bangladesh Contracts. These contracts are with the Bangladesh MoD, but the Receiver understands that they relate to civilian aircraft and therefore it is not clear that they are subject to CG Regulations or ITAR and may be unrestricted;
 - b) A contract with AAA Technology FZE, as referenced previously in this First Report; and
 - c) A contract with an unknown customer related to a tail boom for a Cobra helicopter which is located at the Abbotsford Premises.
- 130) Other than parts related to the above overhaul/maintenance contracts, the Receiver is not aware of other restricted inventory or parts in the Companies' possession, but notes that there may be other parts in the Companies' inventory that are subject to CG Regulations and ITAR. Such parts may have been acquired over previous years of operation and, as noted above, Management and the Companies are unable or unwilling to provide the Receiver with records to clarify which parts, if any, are subject to CG Regulations or ITAR restrictions.
- 131) At the time of this First Report, the Companies have limited resources and the Receivership Proceedings are reliant on funding from RBC. Given the uncertain recovery, the Receiver has limited its investigation of CARS, CG Regulations, ITAR, DPA and related regulations (the "**Applicable Regulations**") to ensure that these proceedings are conducted in a cost-effective and efficient manner. However, the Receiver notes that this has impaired its ability to fully determine the Companies' assets that can be sold or monetized without any regulatory approval.
- 132) In summary, the Receiver notes the following key issues:
- a) Due to the lack of co-operation from Mr. Jackson and lack of access to records, the Receiver has no way of knowing the extent or nature of controlled goods in the Companies' possession;
 - b) It is not clear if CW Aerospace's CGP Certification remains in good standing allowing the company to continue to examine, possess and transfer controlled goods;
 - c) It is not clear if the Receiver needs to apply under the CGP in order to transfer (sell) the CanWest inventory and related work-in-progress, which may partially be subject to CG Regulations and ITAR; and
 - d) The estate does not have sufficient funds to fully investigate the above issues, and notes that it may not be cost-effective to do so given the uncertainty that a transaction can be concluded (described further below). At this time, the Receiver cannot investigate or assess these regulatory issues unless RBC, as the primary secured creditor, agrees to fund the costs of doing so.

THE CCAA SISP

- 133) On March 17, 2023 the Court granted an Amended and Restated Initial Order (the "**ARIO**") that, among other things, authorized the Monitor to run a SISP with the support of Mr. Jackson.
- 134) The Monitor prepared a teaser document and forwarded it to ten potential interested parties. Three parties consisting of two liquidators and one private equity firm signed confidentiality agreements and were provided with access to a data room.
- 135) The SISP ultimately led to the Companies and Mr. Jackson entering into a share purchase agreement with MAR ONE Aviation, L.L.C. ("**Mar One**") pursuant to which Mar One agreed to purchase all of Mr. Jackson's shares in both CW Aerospace and CW Airparts for consideration of US \$1.7 million (the "**Mar One Transaction**").
- 136) The Mar One Transaction failed to close, despite the Companies obtaining the required approvals from the Court.
- 137) Pursuant to the terms of the Mar One Transaction, Mar One provided a deposit of \$225,000 (the "**Mar One Deposit**") that became non-refundable if the required Court approvals were obtained and Mar One failed to close. This deposit was subsequently forfeited by Mar One, and the monies were used to offset a portion of the professional fees incurred during the CCAA Proceedings.

THE RECEIVER'S SALE ACTIVITIES

- 138) At the outset of the Receivership Proceedings, the Receiver immediately started a process to identify parties that may be interested in consummating the failed Mar One Transaction or entering into another agreement for the shares or assets of the Companies. Due to the Companies' limited resources and the previous canvassing of the market, and in consultation with RBC, the Receiver proceeded on the basis that a purchaser would need to be able to conclude a transaction quickly to be viable. Accordingly, as described below, the Receiver approached a targeted group of potential buyers, being the parties that the Receiver believed were the most likely parties to conclude a transaction and the parties that would be able to proceed on the timeline required in these proceedings.
- 139) Mr. Jackson notified the Receiver that Mar One may still be interested in completing the Mar One Transaction. The Receiver contacted Mar One and, based on those discussions, concluded that Mar One could not proceed, primarily because it was unable to raise the funds required to complete the transaction.
- 140) The Receiver also contacted other potential parties that Mr. Jackson indicated may have an interest in pursuing a transaction in relation to the Companies, including among others, Axxeum Inc. ("**Axxeum**"), an aerospace company headquartered in Huntsville, Alabama, and Hammock Helicopter SDN BHD ("**Hammock**") based in Malaysia.

Reverse Vesting Order Letter of Intent

- 141) Beginning August 31, 2023, the Receiver discussed a potential transaction with each of Axxeum and Hammock.

- 142) On September 13, 2023 both Hammock and Axxeum provided the Receiver with non-binding letters of intent ("**LOIs**") for the purchase of the shares of the Companies. However, the LOIs were high-level in nature and contained certain terms that would prevent a transaction from being concluded on the timeline required in these proceedings and/or certain terms that the Receiver was unable to agree to.
- 143) On September 15, 2023 the Receiver provided a template LOI to both Hammock and Axxeum that included more detailed terms and timing for a potential sale of the shares or assets of the Companies.
- 144) One of the terms in the template LOI was that the bidder would pay a US \$50,000 non-refundable deposit (the "**Non-Refundable Deposit**") to the Receiver within 24 hours of the Receiver accepting the LOI in consideration of the Receiver granting that bidder an exclusivity period. In the LOI and discussions with bidders, the Receiver made clear to parties that the Non-Refundable Deposit was in consideration of the exclusivity period and to allow the Receiver to continue to fund the business and operations of the Companies and the cost of the Receiver's fees and its counsel to advance the proposed transaction. The Receiver set a bid deadline of September 18, 2023.
- 145) On September 18, 2023 Axxeum provided an LOI but made various changes to the proposed terms, including changing the deposit to be fully refundable. The Axxeum LOI also included an indicative value that was lower than the LOI provided by Hammock on September 13, 2023. The Receiver held separate discussions with Axxeum and Mr. Jackson. Based on those discussions, the Receiver understands that the parties had not come to acceptable terms for Mr. Jackson and Ms. Lundy's continued involvement with CanWest post-closing, which the parties considered necessary for a going-concern transaction.
- 146) The principal of Hammock, Mr. Mark McGregor ("**Mr. McGregor**") did not submit an LOI by the September 18 deadline. However, Mr. McGregor indicated that he continued to be interested and would need more time to put forward a LOI.
- 147) Following further discussions with Mr. McGregor, the Receiver provided an amended template LOI on September 22, including adjusted dates and requested that Mr. McGregor provide an LOI using this template by September 25, 2023. No LOI was forthcoming from Mr. McGregor by this date.
- 148) Accordingly, having exhausted all potential avenues for selling the business as a going concern, and with no confirmation of further funding from RBC for the operations of the business (particularly for payroll, rent and insurance), on September 26, 2023 the Receiver advised Management that it had no choice but to wind down the operations of the Companies. The Receiver arranged to meet with Mr. Jackson on the following day to discuss the winddown and to terminate all employees. However, approximately 45 minutes prior to the meeting, Mr. Jackson cancelled the meeting and informed the Receiver that he was not able to meet and was in the process of retaining legal counsel.
- 149) Mr. Jackson retained Mr. Martin Sennott of Boughton Law Corporation ("**Boughton**") as his legal counsel. Over the following two days, the Receiver understands that Mr. Jackson and Mr. McGregor discussed a potential transaction, with assistance from Boughton.
- 150) Following extensive discussions with Mr. McGregor, Mr. Jackson and Boughton, on September 29, 2023, the Receiver came to an agreement with Mr. McGregor around the structure of a share purchase through a reverse vesting order and executed a

conditional letter of intent (the "**RVO LOI**") with Mr. McGregor and Mr. Irshad Haroon ("**Mr. Haroon**", together with Mr. McGregor, the "**Offeror**"). The Receiver understands that Mr. Haroon is a businessman in the aerospace industry based in Toronto, Ontario.

- 151) The more significant terms and conditions included in the RVO LOI were as follows:
- a) The shares of the Companies would be purchased through a reverse vesting order approved by the Court with only the Wire Marker being an excluded asset (the "**RVO Transaction**");
 - b) The aggregate purchase price was US \$800,000 (the "**RVO Purchase Price**");
 - c) The Non-Refundable Deposit was required immediately on acceptance to cover the business operating costs and professional fees incurred to advance the transaction until a definitive agreement was signed;
 - d) From September 29, 2023 to October 13, 2023 the Offeror had exclusivity in respect of the RVO Transaction⁵;
 - e) The RVO Transaction was on an "as is, where is" basis with no representations, warranties, statement or promise of any kind from the Receiver;
 - f) The Offeror had completed all due diligence on the Companies and RVO Transaction to the full satisfaction of the Offeror;
 - g) A purchase agreement was to be negotiated in good faith with a first draft to be provided by the Receiver by October 5, 2023 (the "**Draft Definitive Agreement**") and a final and binding agreement (the "**Final Agreement**") to be entered into by October 13, 2023, subject only to Court approval;
 - h) Within one business day of executing the Final Agreement, the Offeror was to pay a US \$250,000 refundable deposit (the "**Refundable Deposit**"), refundable only if the Court did not approve the RVO;
 - i) The Receiver was to deliver an application seeking Court approval of the RVO Transaction within five business days of the Final Agreement being signed (with the Court approval date subject to Court availability);
 - j) The parties would seek to close within 2 business days of Court approval; and
 - k) The RVO Purchase Price payable on closing was US \$500,000 (the "**Closing Funds**") being the RVO Purchase Price less the Non-Refundable Deposit and Refundable Deposit.
- 152) The RVO Purchase Price was less than the purchase price of US \$1.7 million in the Mar One Transaction, but the Receiver considered it reasonable given that Mar One failed to raise the required financing to complete the transaction and given the additional risk associated with the Bangladesh Contracts (expired LCs, delays and associated liquidated damages, etc.). Furthermore, the estimated realization in a liquidation would be significantly less than the RVO Purchase Price of US \$800,000.
- 153) On September 29, 2023, Mr. McGregor wired the Non-Refundable Deposit, which was received by the Receiver on October 3, 2023.

⁵ The Non-Refundable Deposit was consideration for this exclusivity period.

- 154) On October 6, 2023, the Receiver provided a Draft Definitive Agreement to the Offeror and RBC. The Receiver's counsel, Boughton (as counsel to the Offeror), and RBC's counsel negotiated substantially all the terms of the Draft Definitive Agreement by October 13, 2023 and were waiting for the Offeror to confirm the purchasing entity (a new entity being incorporated) to complete the Final Agreement.
- 155) On October 13, 2023, Mr. McGregor provided the Receiver with a wire confirmation indicating that the Refundable Deposit was being sent to Boughton. Mr. McGregor also advised that he was flying to Vancouver that weekend to meet with the Companies, meet with Boughton and to execute the Final Agreement. Based on this advice, the Receiver expected the Offerors to execute the Final Agreement on Monday, October 16, 2023.
- 156) On October 16, 2023 the Receiver was advised that the Offeror would not proceed with the transaction, and the funds for the Non-Refundable Deposit would not be advanced. The Receiver understands that Mr. McGregor terminated his involvement in the RVO LOI because:
- a) Mr. McGregor became aware that the PG LC had expired, and that the Bangladesh MoD would require a new PG LC from any party that acquires or continues the EMS Contract. This would represent a material working capital requirement which would only be released once the EMS Contract is properly completed to the satisfaction of the Bangladesh MoD;
 - b) Mr. McGregor was attempting to bring another party into the RVO LOI to help fund the working capital required to complete the Bangladesh Contracts after closing but an agreement could not be reached; and
 - c) Mr. McGregor was busy with his own company in Malaysia and being distracted with the Companies located overseas was not acceptable to his family.
- 157) Immediately after the Receiver was notified that Mr. McGregor had stepped away from the RVO LOI, it was informed that Ms. Lundy would be replacing Mr. McGregor in the proposed transaction and that Ms. Lundy was trying to secure the funding for: (a) the Refundable Deposit; and (b) her portion of the Closing Funds (a total of US \$375,000) by seeking financing against the Lundy Helicopters (the "**Lundy Funding**"). The RVO LOI has not been assigned to Ms. Lundy and is no longer in effect. At the time this First Report was finalized, the Receiver has not received an indication or evidence that the Lundy Funding had been secured or that Ms. Lundy and Mr. Haroon would be able to conclude a transaction on substantially the same terms indicated in the RVO LOI.

Termination of the Receiver's Sale Process

- 158) Given the sale process conducted in the CCAA Proceedings and in these Receivership Proceedings, and the failure to conclude two transactions for the Companies' shares, the Receiver has concluded that a going concern sale of the business is not viable and that it is unlikely a transaction could be concluded in a timely or cost-effective manner.
- 159) Accordingly, on October 16, 2023 the Receiver terminated all the CW Aerospace employees, except for Mr. Jackson. The Receiver maintained Mr. Jackson's employment contract given his role under the Applicable Regulations and since the Companies had not been paying Mr. Jackson a salary for a significant period due to his role as management, the sole director and the sole shareholder.

The Lundy Funding

- 160) On October 18, 2023, the Receiver held a discussion with the broker assisting with the Lundy Funding (the "**Broker**"). The Broker indicated that he had just been engaged and indicated that he had viewed the assets being financed and was provided with financial projections completed by Ms. Lundy for the Companies. The Receiver has not requested or received a copy of these financial projections.
- 161) The Broker advised that the opportunity was shared with four potential financing parties, but it was too early to provide a firm date or what amount of funding could be raised. The Broker did indicate that it would be at least 30 days before any financing could be advanced.
- 162) The Broker also advised that any financing party would need to be comfortable with the strength of the financial covenants that CanWest would afford and the projections put forward by Ms. Lundy. Given the current precarious situation of the Companies, the Receiver believes that strength of any future financial covenants for CanWest is questionable.
- 163) In addition, the Receiver notes that 0845BC is subject to a security interest registered by BDC and is the borrower and guarantor under various loans provided by BDC to 0845BC and the Companies.
- 164) The Receiver understands that BDC has commenced an action against 0845BC for the recovery of amounts owing under these loans. While the Receiver has not seen copies of 0845BC's financial statements, and more particularly its balance sheet, the above information causes the Receiver to have significant concern regarding 0845BC's ability to raise any funds using the Lundy Helicopters as collateral.
- 165) At the time of this First Report, the timing and prospect of the Lundy Funding, if any, remains highly uncertain. In addition, the Receiver has requested proof of the closing funds required from Mr. Haroon and this has not been provided as at the time of this First Report.

Discussions Regarding Termination of Sale Process

- 166) On October 27, 2023, the Receiver held a telephone conversation with Mr. Jackson and Ms. Lundy in which the Receiver explained, among other things, that as a result of the failed transaction and the uncertainty surrounding potential funding for a revised transaction, the Receiver would need to assess other options to realize value for the CanWest assets. The Receiver also advised that, due to the regulatory and security concerns raised by Mr. Jackson, the Receiver would be seeking further directions from the Court.
- 167) During the conversation both Mr. Jackson and Ms. Lundy advised the Receiver that they were very distressed because of the ongoing challenges associated with the CCAA and Receivership Proceedings.
- 168) In the circumstances, the Receiver intends to attend at the Abbotsford Premises, and possibly the Delta Premises, with the assistance of a bailiff or a sheriff to ensure that it can take possession of CanWest's property quickly and without undue imposition at either premises.

Axxeum Transaction

- 169) On or about October 24, 2023, Axxeum contacted the Receiver and advised that it continues to be interested in purchasing the Companies' assets at a purchase price of US \$400,000 (the "**Axxeum Transaction**").
- 170) Based on discussions with Axxeum's representatives, the Receiver understands that Axxeum has been in discussions with Mr. McGregor and Mr. Jackson regarding a potential transaction but has not come to a suitable agreement with either party and would like to purchase the Companies' assets directly through the Axxeum Transaction.
- 171) Axxeum is headquartered in Huntsville, Alabama and is a full-spectrum worldwide aviation services provider and defense contractor. The Receiver understands that Axxeum has clearance from the US Department of State that allows it to export/import and act as a broker for restricted/military and dual use articles and services under ITAR. Axxeum has been providing military and dual use products and services for the last six years to many different countries.
- 172) The Receiver understands that since Axxeum is registered under ITAR, it is exempt from registration under CGP. This may allow a sale/transfer of controlled goods to Axxeum. In addition, Axxeum has indicated that it will be retaining the services of FD Associates, who are expert consultants and lawyers that assist clients with export compliance and licensing matters.
- 173) The Axxeum Transaction would involve Axxeum purchasing all the Companies' assets, including, amongst other things, the inventory, equipment, tools, accounts receivable, trade name, trademarks, websites, transferable licences and contracts, leases, dealer agreements, electronic and digital assets, and physical and electronic records.
- 174) However, Axxeum has raised several of the following concerns around the Axxeum Transaction:
- a) There is no detailed inventory listing available and a complete inventory has not been conducted by the Receiver for the reasons outlined previously in this First Report;
 - b) Axxeum visited the Abbotsford Premises and Delta Premises on September 9, 2023 and does not know if everything they viewed is still at the premises;
 - c) The Receiver does not have access to a backup copy of the Quantum system and other information that would be required to complete the Axxeum Transaction;
 - d) There is no certainty that the Bangladesh Contracts can be completed and there are significant costs required to complete the contracts; and
 - e) The assets are in premises controlled by Ms. Lundy and Mr. Jackson with access being restricted for the reasons discussed previously in this First Report.
- 175) The Receiver has the following additional concerns around the Axxeum Transaction:
- a) To advance and close the Axxeum Transaction, or in fact to achieve any other meaningful realizations from the Companies' assets, the Receiver requires the co-operation of Mr. Jackson and Ms. Lundy who control the Abbotsford Premises and have competing interests since they have advised the Receiver that they

still wish to arrange the Lundy Funding and conclude a transaction substantially similar to the RVO LOI.

- b) Although the Receiver is satisfied with Axxeum's ability to conclude a transaction, Axxeum's offer is made without a complete and accurate inventory listing, and without access to complete due diligence, other than a viewing in early September 2023. Accordingly, the purchase price may be adjusted if this information cannot be provided, or ultimately based on the information which is provided.
- c) The Axxeum Transaction may be impacted by any third party and consignment inventory and any parts subject to CG Regulations and ITAR. At this time, the Receiver does not have access to information to determine the extent to which the assets are subject to these claims and restrictions.
- d) As outlined previously in this First Report, the proposed transaction may be subject to regulatory restrictions, although the Receiver notes that Axxeum is registered under ITAR and therefore likely exempt from registration under CGP which may alleviate some regulatory concerns.

CREDITORS AND SECURED CHARGES

The Administration Charge

- 176) The Administration Charge ordered in the CCAA Proceedings forms a first charge on the Property in priority to all other security interests, trusts and liens. The Administration Charge was granted in the amount of \$350,000 and provides security for the professional fees incurred by the Monitor, the Monitor's counsel and the Companies' counsel during the CCAA Proceedings.
- 177) The Administration Charge has been partially satisfied by the Mar One Deposit and there remains a first-priority charge of \$125,000 (the "**Remaining Administration Charge**"). The Receiver understands that the CCAA professionals have outstanding unpaid fees of approximately \$146,000. Accordingly, \$21,000 of the outstanding fees will be an unsecured claim in the Receivership Proceedings.

CRA priority claims

- 178) Canada Revenue Agency ("**CRA**") has submitted property claims in respect of CW Aerospace totalling \$50,376 (the "**CRA CW Aerospace Property Claim**") comprised of \$49,727 in respect of outstanding deemed trust payroll deductions and \$649 in respect of outstanding goods and services tax ("**GST**").
- 179) CRA has submitted a property claim in respect of CW Airparts totalling \$2,250 in respect of outstanding GST (the "**CRA CW Airparts Property Claim**" and together with the CRA CW Aerospace Property Claim, the "**CRA Property Claims**").
- 180) CRA has not yet conducted a payroll and GST audit on CanWest and additional liabilities may be assessed.

Wage Claims

- 181) The Receiver has issued letters to five employees who it terminated during the Receivership Proceedings and understands were owed unpaid vacation pay and/or

termination pay and who may claim eligible wages prescribed by the Wage Earner Protection Program and *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("**WEPPA**"). The Receiver has requested information from Ms. Lundy to determine if additional employees, who were terminated up to six months before and during the CCAA Proceedings, would be eligible under WEPPA and have eligible wages. This information has not been provided as of the date of this First Report.

- 182) The maximum priority claim that may rank in front of the Receiver's Charge and RBC for WEPPA claims is \$2,000 per employee. The Receiver estimates a total minimum charge pursuant to Section 81.4(4) of the BIA of approximately \$10,000 (the "**Unpaid Wages Priority Charge**"), but requires further information from Management to confirm this amount.

WorkSafeBC Claim

- 183) Based on the CW Aerospace records, the Receiver understands that WorkSafeBC may be owed approximately \$11,834 in respect of outstanding premiums. The Receiver has not yet received a proof of claim but expects that WorkSafeBC may claim a statutory lien on all property or proceeds of property used or produced by CW Aerospace (the "**Potential WorkSafeBC Lien Claim**").

Minister of Finance Claims

- 184) Based on the CW Aerospace records, the Receiver understands that the Minister of Finance may be owed approximately \$7,531 in respect of outstanding Provincial Sales Taxes ("**PST**"). The Receiver has not yet received a proof of claim but expects that the Minister of Finance may claim a statutory priority on all Property pursuant to section 87 of the *British Columbia Sales Tax Act* (the "**Potential Minister of Finance Claim**").

BC Employer Health Tax

- 185) Based on the CW Aerospace records, the Receiver understands that the Minister of Finance may be owed approximately \$41,000 in respect of outstanding Employer Health Taxes ("**HST**"). The Crown registered a security interest in the Personal Property Registry on August 23, 2022 in favour of the Crown, filed pursuant to the *Employer Health Tax Act*. This registration was filed after the security registrations of RBC and is therefore subordinate to the RBC security.
- 186) The Receiver has not yet received a proof of claim from the Minister of Finance.

Receiver's Charge and Borrowings

- 187) Pursuant to paragraph 20 of the Receivership Order, the Receiver and Fasken as its legal counsel are the beneficiaries of the Receiver's Charge to secure payment of their fees and disbursements incurred in the Receivership Proceedings. The Receiver's Charge is a first-ranking charge over the Property but subordinate to the Remaining Administration Charge and the charges, if any, created pursuant to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
- 188) Pursuant to paragraph 23 of the Receivership Order, the Receiver is authorized to borrow up to \$150,000 without further approval of the Court for the purpose of carrying out its duties and powers (the "**Borrowing Facility**"). As at the date of this First Report, the Receiver has borrowed \$50,000 of the Borrowing Facility. The Receiver is seeking an order to increase the Borrowing Facility from \$150,000 to

\$500,000 to cover the potential costs and professional fees associated with the Receivership Proceedings.

RBC Indebtedness

- 189) As noted above, the Receiver has not yet instructed its counsel to conduct an independent review of the validity and enforceability of the RBC Security. However, at a high level, the Receiver notes that the RBC Security is subject to certain prior ranking Court-ordered charges and statutory interests, which include:
- a) the Remaining Administration Charge;
 - b) the CRA Property Claims;
 - c) the Unpaid Wages Property Claim;
 - d) the Potential WorkSafeBC Lien Claim;
 - e) the Potential Minister of Finance Claim;
 - f) the Receiver's Charge (as that term is defined in the Receivership Order); and
 - g) the Receiver's Borrowing Charge (as that term is defined in the Receivership Order).
- 190) Subject to the above, and as noted above, RBC is the principal secured creditor of the Companies, and is owed a total of \$3.8 million by the Companies' plus accrued interest pursuant to various credit facilities provided to the Companies.

BDC Indebtedness

- 191) The Receiver understands that BDC is owed approximately \$171,453 as of March 8, 2023 by CW Aerospace as borrower under loan facilities 127900-01 ("**BDC Loan 1**", \$54,718) and 127900-03 ("**BDC Loan 3**", \$116,735), and that CW Airparts has provided a guarantee in respect of BDC Loan 3.
- 192) In addition, BDC is owed approximately \$63,317 as of March 8, 2023 by 0845BC as borrower ("**BDC 0845BC Loan**") and both CW Aerospace and CW Airparts are guarantors to this loan.
- 193) Given the anticipated priorities and recovery, the Receiver has not reviewed the security of BDC in detail, but understands that BDC has General Security Agreements in place in respect of the Companies and a priority agreement dated July 7, 2017 granting BDC priority over RBC in respect of the Wire Marker.

Unsecured Creditors

- 194) As at the Date of Receivership, the available books and records of the Companies reported unsecured creditors with claims of approximately \$1.3 million in respect of CW Aerospace and \$31,000 in respect of CW Airparts.
- 195) The Receiver is also advised that Ms. Lundy has loaned approximately \$600,000 to CW Aerospace on an unsecured basis.

STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 196) Attached as **Appendix "A"** to this First Report is a Statement of Receipts and Disbursements reflecting the administration of the Receivership Proceedings for the period from the Date of Receivership to October 30, 2023.
- 197) As of October 30, 2023, the Receiver's gross receipts amounted to approximately \$132,919, primarily relating to the cash on hand at the Date of Receivership (\$14,854), the Non-Refundable Deposit (\$68,065) and Receiver borrowings (\$50,000).
- 198) During the same period, the Receiver has made disbursements totalling \$82,017 including, among other items, occupation rent (\$19,718), wages (\$34,287), payroll deductions (\$11,995), contractor services (\$7,594) and insurance (\$5,574).
- 199) The Receiver notes that included in the disbursements made to date are payments totalling approximately \$6,000 to the employees and the Contractor that relate to work undertaken in the week prior to the Date of Receivership. The Receiver believes that the payment of these costs is justified as these expenditures were necessary to secure the ongoing cooperation of the employees and the Contractor.
- 200) The Receiver has invoiced approximately \$122,000 in fees and costs (including taxes) from the Date of Receivership to October 28, 2023. Fasken has invoiced approximately \$77,000 in fees and costs (including taxes) from the Date of Receivership to October 31, 2023. As of the date of this Report, no professional fees have been paid due to the limited funds currently being held in the Receiver's trust accounts.
- 201) The Receiver notes that it is reliant on RBC for funding of its professional fees since the Receiver's Charge is subject to several prior ranking claims, including the Remaining Administration Charge, the CRA Priority Claims and the Unpaid Wages Priority Claim.

RECEIVER'S PROPOSED NEXT STEPS

- 202) As outlined previously, the Companies have in their possession third party assets and inventory along with, potentially, consignment inventory, tools subject to OEM licenses, and parts subject to controlled goods restrictions. Over the last 9 weeks, despite numerous requests, Management has failed to provide the Receiver with the information it needs to deal with these issues.
- 203) As set out throughout this First Report, the Receiver has made various requests to Mr. Jackson for information and documents pertaining to the Companies' inventory, contracts, customers and assets. Mr. Jackson has failed or refused to provide this information in breach of paragraphs 5 and 6 of the Receivership Order. Mr. Jackson's lack of co-operation has delayed and hindered the Receiver in carrying out its duties and caused the Receiver to incur material additional costs.
- 204) The primary secured lender, RBC, has advised the Receiver that it is not prepared to continue funding the holding costs, including rent, insurance, software licenses and the Receiver's ongoing professional fees given the high level of uncertainty of a viable transaction.
- 205) For the reasons set out above, the Receiver believes that there is no viable transaction available and, accordingly, the commercially reasonable route forward is for the

Receiver to terminate the sale process and abandon the Companies' inventory, other than the inventory that is economically viable and clearly not subject to regulatory restrictions. The Receiver has considered alternatives, including liquidation or destruction of the Companies' inventory, but has concluded those paths are likely to incur additional costs and would result in additional delay, to the detriment of stakeholders.

- 206) The Receiver requires additional information from Mr. Jackson and Ms. Lundy to maximize realizations for the remaining assets of the Companies and to determine third party claims to assets in the Companies' possession so that the Receiver can take possession of the viable CanWest property.
- 207) Accordingly, the Receiver seeks an order of the Court compelling Mr. Jackson and Ms. Lundy to provide the following information within five days of the court order (the "**Information Order**"):
- a) A list of any vendors that have provided consignment inventory to CanWest, including, where available, names, addresses, email addresses and point of contact ("**Consignment List**");
 - b) Details of the insurance claim submitted in relation to the Langley Incident, including the claim reference number and correspondence with the insurance broker and claims adjuster;
 - c) The fixed asset registers for both Companies ("**Asset Register**");
 - d) Copies of any regulatory approvals or export certificates that relate to the Bangladesh Contracts and any information in Mr. Jackson's possession that confirms whether the Bangladesh Parts are subject to CG Regulations or ITAR ("**Bangladesh Information**");
 - e) Details of any current contracts and related parts/inventory that may be subject to CG Regulations and ITAR;
 - f) A copy of the CGP renewal application, redacted for Mr. Jackson's personal details;
 - g) Copies of all employee related records from November 1, 2022; and
 - h) A copy of the lease for the Abbotsford Premises.
- 208) The Receiver also seeks an order to assist it in assessing the potential property claim(s) asserted by Mr. Jackson and Ms. Lundy. In particular, the Receiver seeks an order directing Mr. Jackson and Ms. Lundy to provide a list and photos of all equipment, tools or machinery to which Ms. Lundy, Mr. Jackson and 085BC claim ownership, along with supporting information to the extent it is available ("**Management's Equipment List**").
- 209) At the date of this First Report, despite requests, the Receiver had not received access to CanWest's hard copy or electronic records (other than a backup copy of Quickbooks which was received on November 8, 2023). To the extent that the above information is not readily available, the Receiver seeks access to the Companies' electronic records, including in Quantum, so that the Receiver can review the available information directly.

- 210) Upon the receipt of the Asset Register and Management's Equipment List, the Receiver will assess the validity of the property claim and determine what, if any, equipment can be released to Ms. Lundy, Mr. Jackson and 085BC (the "**Released Equipment**").
- 211) Upon the receipt of the Bangladesh Information, the Receiver will assess if the Receiver is able to take possession of and transfer or sell the Bangladesh Parts, pursuant to any Applicable Regulations.
- 212) The Receiver is also seeking an order of the Court directing and authorizing the Receiver to:
- a) Attend at the Delta Premises with a bailiff and sheriff (if required) and remove any equipment, tools or machinery that are considered to be economically viable to remove and that do not represent Released Equipment and are clearly not tooling that may be subject to OEM licenses ("**OEM Tooling**"), while abandoning the remainder of the inventory and assets at the site after paying the landlord occupation rent up to the day of the abandonment;
 - b) Attend at the Abbotsford Premises with a bailiff and sheriff (if required) and remove any equipment, tools or machinery that are economically viable to remove and that do not represent Released Equipment or OEM Tooling, while abandoning the remainder of the inventory and assets at the site and pay no occupation rent to the landlord up to the day of the abandonment⁶; and
 - c) Notify the relevant regulators of the inventory abandonment.
- 213) The Receiver intends to terminate Mr. Jackson's employment and seek to monetize CanWest's property, to the extent it is viable, but does not seek specific orders regarding these steps.
- 214) To ensure the ability of the Receiver to continue to fulfil its obligations unimpeded and to move ahead with the Receiver's next steps, the Receiver will also be seeking an order requiring Management to grant immediate and continued access to the Companies' Property upon the Receiver's request.
- 215) The Receiver notes that the CCAA and Receivership Proceedings have been ongoing for several months. At the time of this First Report, the Receiver has been contacted by three customers requesting the return of third party owned property. The Receiver has not been contacted by any parties claiming an interest in consignment inventory. Since the CCAA Proceedings and these Receivership Proceedings have been well-publicised, the Receiver is of the view that there is a low risk that the Companies are holding third party property or consignment goods of significant value.

CONCLUSIONS AND RECOMMENDATIONS

- 216) Based on the foregoing, the Receiver respectfully requests that the Court grant the orders for the relief set out in paragraph 7(d) of this First Report.

⁶ As noted above, non-payment of rent is consistent with Ms. Lundy's advice that she would not charge rent from October 16, 2023, and Management has failed to provide the Receiver with a copy of the Abbotsford Lease so that the Receiver can confirm its terms.

All of which is respectfully submitted at Vancouver, BC this 10th day of November, 2023.

DELOITTE RESTRUCTURING INC.

In its capacity as Court-Appointed Receiver and Manager of
CanWest Aerospace Inc. and Can West Global Airparts Inc.
and not in its personal capacity



Per: Jeff Keeble, CPA, CMA, CIRP, LIT
Senior Vice-President



Paul Chambers, FCA(UK), CIRP, LIT
Senior Vice-President

Appendix "A"

Receiver's Statement of Receipts and Disbursements for the period from August 29 to October 30, 2023

In the Matter of the Receivership of
CanWest Aerospace Inc. and Can West Global Airparts Inc.

Receiver's Interim Statement of Receipts and Disbursements
For the Period of August 29, 2023 to October 30, 2023

Description	CanWest Aerospace Inc.	Can West Global Airparts Inc.	Total
Receipts			
Cash in bank	\$ 10,708	\$ 4,146	\$ 14,854
Advance from secured creditor	50,000	-	50,000
Non-refundable deposit	68,065	-	68,065
Total receipts	128,773	4,146	132,919
Disbursements			
Bank charges	34	-	34
Computer services	1,451	-	1,451
Contractor services:			
Accounting services	394	-	394
Contract services	7,200	-	7,200
Occupation rent	19,718	-	19,718
Wages	34,287	-	34,287
Payroll deductions	11,995	-	11,995
GST/PST paid	1,365	-	1,365
Insurance	5,574	-	5,574
Total disbursements	82,017	-	82,017
Excess of receipts over disbursements	\$ 46,756	\$ 4,146	\$ 50,902

Appendix "B"

Bangladesh Contracts Summary

Canwest Aerospace Inc. - Summary of Bangladesh contracts (USD)

Contract number	Expected completion date	Amount	Costs to complete	Penalty	Expected net cash
278.230.20	01-Aug-23	2,791,523	(1,100,000)	-	1,691,523
273.155.21	29-May-23	290,868	(100,000)	-	190,868
273.047.20	01-May-23	206,968	(25,000)	(20,697)	161,271
273.243.16	01-Jun-23	101,305	-	(11,256)	90,049
275.241.16	01-Jun-23	57,506	-	(6,390)	51,117
273.111.21	17-Apr-23	68,112	(25,000)	-	43,112
273.066.20	17-Apr-23	44,869	(5,000)	(4,487)	35,382
273.07.088.20	01-Jun-23	95,787	(75,000)	(9,579)	11,208
273.07.073.20	01-Jun-23	57,439	(41,000)	(5,744)	10,695
273.101.20	Unknown	11,174	-	(5,587)	5,587
275.127.20.03	01-Jun-23	8,148	(4,500)	(815)	2,833
273.07.114.20.02	01-Jun-23	25,791	(25,370)	(2,579)	(2,158)
Total		3,759,489	(1,400,870)	(67,133)	2,291,486

Note: as indicated in the report the Monitor has not had the opportunity to review the cost to complete estimates with the Petitioners. In the event that the costs to complete are correct, the Monitor would not support completing contracts with negative expected cash.

Appendix "C"

Ecuador Contract Correspondence

Munro, Craig

From: Tara Lundy <taral@canwestaerospace.com>
Sent: Wednesday, March 15, 2023 8:56 PM
To: Munro, Craig
Cc: Parks, Huw
Subject: [EXTERNAL] FW: 20791, BAE

Feb 7 email providing us with an update, and now I am in process of contacting the Canadian Embassy in Ecuador to push from their office.

Regards,

Tara Lundy
Chief Financial Officer

CanWest Global Airparts Inc.
Phone: 604-533-5404 | Fax: 604-539-5592

CanWest Aerospace Inc.
#12 - 5225-216th Street
Unit 200, Langley BC V2Y 2N3
Phone: 604-532-0322 | Fax: 604-539-5592
Email: taral@canwestaerospace.com
AMO# 104-06 EASA# 145.7242
www.canwestaerospace.com

Cage Code L0E83

From: Ian Foord <ianfoord@aav.global>
Sent: Tuesday, February 7, 2023 6:23 PM
To: Tom Jackson <tomj@canwestaerospace.com>; Tara Lundy <taral@canwestaerospace.com>
Subject: 20791, BAE

Tom,

As I mentioned on the phone, your payment is stuck in the Ministry of Defence at the office of the "Coordinador de Bienes Estrategicas del Ministerio de Defensa". The person in charge of that office is Colonel (ret'd) Wuidman Padilla Trujillo. The office of Bienes Estrategicas of the Ministry of Defence has to pass the request-for-payment document of the Army Aviation Brigade to Seguros Sucre, the local Insurer; the document makes reference to the condition of payment agreed in the contract of payment directly from Reinsurance funds. Sucre is aware of that requirement and has just to authorise the use of the "cut-through clause" of the reinsurance policy.

I met with the person in charge of claims of Sucre last Monday: he confirmed that the document had not been passed to him from the MOD. In my meeting with MOD, accompanied by the BAE Risk Manager, we were told

that the document had been sent to Sucre, but had not been actioned. I have dealt with the man in Sucre for many years; I believe he is telling the truth. It appears that the payment request is still on the desk of the person in Bienes Estrategicas that insisted that the problem was in Sucre's court. The discussion in the MOD was unfortunately cut short when Colonel Padilla said that the problems with Sucre, which is in liquidation, were very complex and would be discussed at a future meeting with the person in charge of the liquidation of the Company. The BAE Risk Manager and I left very frustrated.

The BAE Risk Manager has another meeting programmed for tomorrow. He will report to me on any advance after the meeting. Once the document gets to Sucre, hopefully it will be easier.

IAN FOORD PRESIDENT AND ADJUSTER	
	Adjuster licence: C15397 AAV Aviation Adjusters
	Mobile: (52)7717020016
	Skype: foord.ian
	Office: (52)7717182608
	(52)7717103903



Hangar # 12 – 5225 – 216th Street
Langley, B.C. Canada
V2Y 2N3
PHONE: (604) 532-0322
FAX: (604) 539-5592

January 6, 2023

General S.P. Luis Lara Jaramillo
Minister of Defense

Subject: Airbus AS332B Super Puma, AEE-464 Repair

Dear General.

Since September 27, 2022, CanWest Aerospace has been trying to get the payment of Invoice No. 9277 for the repair of AS332B, AEE-464. The BAE has informed me that we are waiting for the Ministry of Defense to instruct the Reinsurance Brokers to pay directly the invoice under the aircraft hull and civil liability insurance policy No. 06000213. Contrary to the terms of the contract celebrate with the BAE, there has now been a delay in the payment of our invoice of 4 months.

Estimado General,

Desde el 27 de septiembre de 2022, CanWest Aerospace ha estado solicitando el pago de nuestra factura #9277 para la reparación del helicóptero Airbus AS332 Super Puma, AEE-464. La BAE nos informó que estamos en espera de que el Ministerio de Defensa pida a los corredores que se pague directo de los fondos de Reaseguro bajo la póliza de casco y responsabilidad civil #06000213. Al contrario de los términos del contrato celebrado con la BAE, no hemos recibido el pago de nuestra factura por 4 meses.

A handwritten signature in black ink, appearing to be 'Tom Jackson', written over a horizontal line.

Tom Jackson
President/Director of Maintenance
CanWest Aerospace Inc.

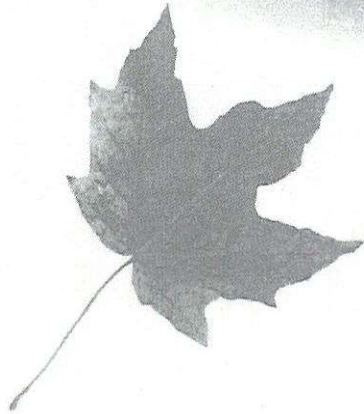
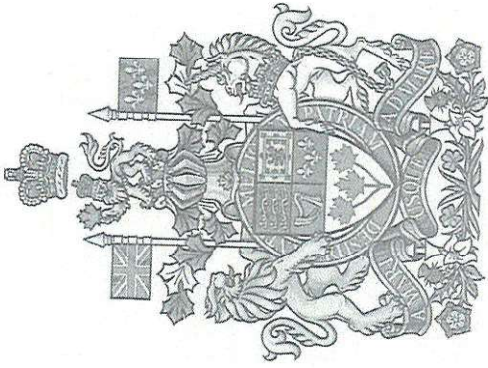
Appendix "D"

Controlled Goods Program Certificate



Travaux publics et
Services gouvernementaux
Canada

Public Works and
Government Services
Canada



Programme des
marchandises contrôlées

Controlled Goods
Program

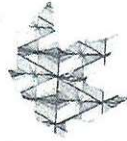
Certificat d'inscription accordé à

Certificate of Registration issued to

Canwest Aerospace Inc.

carrying on business as / exerçant ses activités sous le nom

Le présent certificat confirme votre inscription au Programme des marchandises contrôlées. Votre inscription est assujettie à des conditions réglementaires et aux conditions énoncées par le ministre dans le document "Conditions de l'inscription".



This certificate confirms your registration with the Controlled Goods Program subject to conditions prescribed by regulations and any other conditions set out by the Minister in the "Conditions of Registration" document.

N° de certificat / Certificate No. 26613

Entrée en vigueur / Issued

Date d'expiration / Expires

2018/12/13
x18m an, day
2023/09/13
x18m an, day

Émis par le ministre en vertu de la
Loi sur la production de défense
Issued by the Minister pursuant to
the *Defence Production Act*

Gestionnaire / Manager

Canada

Appendix "E"

Controlled Goods Program Guidelines



Government
of Canada

Gouvernement
du Canada

[Canada.ca](#) > [Business and industry](#) > [Permits, licences and regulations](#)

- > [Federally regulated business activities](#) > [Import permits and restrictions](#)
- > [Firearm, weapon and military goods import and export](#)
- > [Controlled goods: Examining, possessing or transferring](#)
- > [Register to examine, possess or transfer controlled goods](#)
- > [Register in the Controlled Goods Program](#)

Guideline on Controlled Goods Program registration

On this page

1. Registration

1.1 Eligibility for registration

1.2 Exemptions

1.2.1 Exemptions requiring an application

1.2.2 Exemptions not requiring an application

1.3 Persons excluded from registration

1.4 Security assessments

1.5 Justification for registration

1.6 Registration scope

1.7 Period of registration validity

1.8 Registration renewals

2. Conditions of registration

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2.9 Make available all records to the Controlled Goods Program

2.10 Report a change in a security assessed individual's criminal history

2.11 Report any change in an application for exemption

2.12 Provide a report of security assessed employees to the Controlled Goods Program

2.13 Consider recommendations provided by the Controlled Goods Program in regards to high-risk employees

3. Third-party contractual workers

3.1 Contractual workers who are registrants

3.2 Contractual workers who are employees of a registrant

3.3 Security assessments of contractual workers

1. Registration

Registration in the Controlled Goods Program is mandatory for any person examining, possessing or transferring controlled goods in Canada. The program derives its mandate from the *Defence Production Act* (called the act in this guideline) and the *Controlled Goods Regulations* (called the regulations in this guideline). Part 2 of the act gives authority to the Minister of Public Services and Procurement to regulate the examination, possession and transfer of controlled goods in Canada. Registration in the program is also a prerequisite for certain import and export permits issued by Global Affairs. Failure to register may constitute an offence under federal laws that could lead to prosecution and substantial sanctions against the offender.

A person who is eligible may apply for registration by completing an [application for registration \(PDF \(Portable Document Format\), 592KB\)](#) form. It is important that all sections of the form be completed. Partially completed application forms will be returned to the applicant for completion.

1.1 Eligibility for registration

Individuals are eligible to register in the program provided they carry on business in Canada, give their consent to a security assessment and are a Canadian citizen or a permanent resident ordinarily residing in Canada.

Businesses are eligible to register in the program provided they are incorporated under federal, provincial or territorial laws or are authorized by federal, provincial or territorial laws to carry on business in Canada.

1.2 Exemptions

To be exempted from registration in the program, one must be a visitor, a temporary worker or international student of a person registered in the program, or an officer, director or employee of a person registered under the United States' *International Traffic in Arms Regulations* (ITAR).

1.2.1 Exemptions requiring an application

Visitors require a certificate of exemption from registration prior to examining, possessing or transferring controlled goods. The designated official of the registered person (called the registrant in this guideline) must determine the visitor's eligibility and then verify the completeness of the [visitor exemption application for security assessment and exemption from registration \(PDF \(Portable Document Format\), 291KB\)](#) form and submit to the program. Visitors are not permitted to examine, possess or transfer a controlled good until a certificate of exemption from registration is issued by the program.

Temporary workers require a certificate of exemption from registration prior to examining, possessing or transferring controlled goods. The designated official of the registrant must determine the temporary worker's eligibility, and then complete and submit a [temporary worker or international student application for security assessment and exemption from registration \(PDF \(Portable Document Format\), 891KB\)](#) form to the program. A temporary worker or an international student is not permitted to examine, possess, or transfer controlled goods until a certificate of exemption from registration is issued by the program.

International students who have a requirement to examine, possess or transfer controlled goods over the course of their studies must apply for exemption from registration in the same manner as a temporary worker, as

defined in section 17 of the *Controlled Goods Regulations*. A security assessment will be conducted by the program in accordance with section 15 and section 19 of the *Controlled Goods Regulations*.

1.2.2 Exemptions not requiring an application

An individual is exempt from registration if they are a director, an officer or an employee of a person registered to access controlled goods under the *International Traffic in Arms Regulations* (ITAR), as per section 16 of the *Controlled Goods Regulations*. No application needs to be submitted to the program for anyone listed above.

These individuals are exempt from registration from the day on which they provide the registrant with **all** of the following:

- evidence of the individual's status as director, officer or employee of the person registered under the ITAR (International Traffic in Arms Regulations)
- evidence of the registration and eligibility of the ITAR (International Traffic in Arms Regulations) registrant under the ITAR (International Traffic in Arms Regulations)
- evidence of the eligibility of the individual under the ITAR (International Traffic in Arms Regulations)

In this case, eligibility is defined as not being debarred or suspended under the ITAR (International Traffic in Arms Regulations).

1.3 Persons excluded from registration

Part 2 of the act does not apply to a person who **either**:

- occupies a position in the federal public administration, including a position in a federal crown corporation, or is employed by Her Majesty

in right of a province, who acts in good faith in the course of their duties and employment

- is a member of a class of persons prescribed by regulation

In accordance with the regulations, the following classes of persons are excluded from registration:

- Canadian public officers (as defined in section 117.07(2) of the *Criminal Code*)
- elected or appointed officials of the Canadian federal or provincial government
- members of a visiting military force (as defined in section 2 of the *Visiting Forces Act*) present in Canada in connection with official duties, including, in some cases, the civilian personnel component of the visiting force, as outlined in the *Visiting Forces Act*

1.4 Security assessments

In addition to submitting a complete application for registration form as outlined in section 3 of the *Controlled Goods Regulations*, applicants must also submit security assessment applications for the authorized individual, all owners of 20% or more of the voting shares or interests of the business and designated officials.

1.5 Justification for registration

As part of the registration process, applicants will be asked to provide a description of their business activities relating to controlled goods and a description of the controlled goods they intend to possess, examine or transfer. Applicants are encouraged to ensure that there is a need to be

registered before submitting an application. Information regarding contractual or work commitments involving controlled goods may be requested.

1.6 Registration scope

The registration of a person extends to each officer, director or employee of the registrant who has been security assessed and authorized by the designated official to examine, possess or transfer controlled goods. Such extension of registration only applies when the security assessed individual acts in the course of their duties with the registrant.

Once security assessed, the individual has a significant level of responsibility in regards to safeguarding controlled goods at the registrant's place of business and is subject to the requirements of subsection 37(2) of the *Defence Production Act*. For example, it is an offence to knowingly transfer a controlled good to an individual or business that is not registered or to an individual who is not exempt from registration. A business or an individual may be prosecuted under the act.

1.7 Period of registration validity

The maximum period of validity of a certificate of registration is 5 years. Registration is valid until the expiry date indicated on the certificate of registration. If an extension has been provided, the expiry date is indicated in that organization's entry in the program's registration search. An extension to the certificate of registration cannot exceed the maximum period of validity of 5 years. The certificate of registration is not transferable.

1.8 Registration renewals

The standard processing time for the program to renew a certificate of registration is 32 business days once the application validation is completed. An [application for registration \(PDF \(Portable Document Format\), 592KB\)](#) form (select renewal in section B—type of application) must be submitted no less than 90 calendar days prior to the expiry date indicated on the certificate of registration. This is to allow sufficient time for processing.

The application for registration for renewal must include the following additional information:

- a copy of the evidence of the legal status of the business if there has been a change since the copy was submitted to the program with the original application
- a copy of the registrant's security plan(s) if there has been a change since the last submission to the program

A renewal of registration does not automatically require the renewal of the security assessments for key personnel (the authorized individual, the designated official and owners of 20% or more of the voting shares or interests of the business). Security assessments of individuals are valid for a period of up to 5 years as long as the individual remains employed with the same business. Therefore, it is not necessary to renew individual security assessments if they have not reached their 5-year expiry date.

2. Conditions of registration

The conditions of registration applicable to all registrants are set out in section 10 of the [Controlled Goods Regulations](#) as outlined below:

- report any change in the application for registration form

- maintain records
- propose a designated official
- ensure the designated official maintains their certification and fulfills their duties
- establish and maintain a security plan
- provide training to officers, directors, employees, temporary workers and international students
- provide security briefings to visitors
- report confirmed and potential security breaches
- make all records available to the program
- report a change in a security assessed individual's criminal history
- report any change in an application for exemption
- provide a list of security assessed employees to the program
- consider any recommendations provided by the program in regards to security assessments of high-risk employees

Details relating to these conditions are provided below. Specific additional conditions may be applied to a registrant. The program will communicate these conditions of registration clearly to the registrant when granting the certificate of registration.

2.1 Report any change in the application for registration form

The applicant has an obligation to report any and all changes to the information provided in the [application for registration \(PDF \(Portable Document Format\), 592KB\)](#) form within 10 business days, be it a phone number change, a civic address change or other information, as per section 9 of the [Controlled Goods Regulations](#). This section also includes the requirement to inform the Controlled Goods Program of the name and address of any person that will, as a result of an acquisition, own 20% or

more of the outstanding voting shares or interests of the business by the later of 32 business days before the date of an acquisition or 1 business day after the day on which they become aware of an acquisition.

2.2 Maintain records

A recordkeeping system must be established, implemented and effectively applied over the period of registration, and kept for 5 years after the person ceases to be a registrant. The recordkeeping system in place at the registrant's place of business must only be accessed by individuals who are authorized to do so by the registrant. Records may be kept electronically or in paper format. Registrants must ensure that records are legible, that all changes are tracked and documented and that they are safe from modification by unauthorized persons. The registrant should review their recordkeeping system periodically to ensure it continues to meet the security needs for safeguarding controlled goods and reflects any regulatory or legislative changes.

The recordkeeping system implemented and established at the registrant's place of business is subject to inspection by the program at any time over the period of registration and for 5 years after the person ceases to be registered in the program.

The regulations identify 3 recordkeeping requirements:

- the registrant must keep records of all transfers, receipts or dispositions of controlled goods to another registrant for a period of 5 years after they cease to be registered in the program
- the registrant must keep records of the most recent security assessments and supporting documentation of each officer, director, employee, temporary worker, international student and visitor who

examines, possesses or transfers controlled goods for a period of 2 years after leaving the company

- the registrant must keep records of the evidence referred to in subsection 16(2) of the Controlled Goods Regulations regarding ITAR (International Traffic in Arms Regulations)-exempt individuals

2.2.1 Records of controlled goods

The registrant must keep and maintain records of controlled goods received, transferred or disposed of during the period of registration and retain these records for a period of 5 years after the day on which the person ceases to be a registrant, as per section 10(a) of the Controlled Goods Regulations.

The records **must** contain:

- a description of any controlled goods received by the registrant, the date of their receipt and the identity of the person from whom they were transferred
- a description of any controlled goods transferred by the registrant, the date of their transfer and the identity and address of the person to whom they were transferred
- a description of the manner and date of disposal of the controlled goods

2.2.2 Records of security assessments

The registrant must keep records of the most recent security assessments and supporting documentation of each officer, director, employee, temporary worker, international student and visitor who examines, possesses or transfers controlled goods during the period of registration

and for a period of 2 years after the day on which the individual ceases to be an officer, director, employee, temporary worker, international student or visitor of the registrant.

2.2.2.1 Records of officers, directors and employees

The records must include, but are not limited to, the following supporting documents:

- a copy of the completed security assessment application (PDF (Portable Document Format), 396KB) form
- a name-based criminal record check verified against the Royal Canadian Mounted Police (RCMP)'s Canadian Police Information Centre (CPIC) system **or** certified criminal record check based on fingerprints
- the security clearance results
- proof of citizenship (for example, a copy of the individual's birth certificate, passport or permanent resident card)
- proof of residence

2.2.2.2 Records of exempt individuals: Temporary workers and international students

The records must include, but are not limited to, the following supporting documents:

- a copy of the completed temporary worker or international student application for security assessment and exemption from registration (PDF (Portable Document Format), 891KB) form
- a copy of the certificate of exemption from registration
- a copy of the individual's passport (the pages with the photograph and citizenship information only)

- a copy of a certificate of good conduct (indicating an individual's criminal history for each country they have resided in for the past 5 years for a period of 6 consecutive months or more)
- a copy of work permit or study permit
- a copy of a document from the international student's academic institution indicating the work pertains to their studies

2.2.2.3 Records of exempt individuals: Visitors

The records may include, but are not limited to, the following supporting documents:

- a copy of the completed visitor exemption application for security assessment and exemption from registration (PDF (Portable Document Format), 291KB) form
- a copy of the certificate of exemption from registration
- a copy of identification verified

2.2.3 Records of International Traffic in Arms Regulations-exempt individuals

An individual who is a director, officer or an employee of a person registered to access controlled goods under the ITAR (International Traffic in Arms Regulations) is exempt from registration under the program. The registrant must keep a copy of the evidence listed below for a period of 2 years after the day on which the individual who is exempt ceases to have access to the controlled goods of the registrant.

The records must include, but are not limited to, the following:

- evidence of the individual's status as a director, an officer or an employee of the person registered under the ITAR (International Traffic in Arms Regulations)

- evidence of the registration and eligibility of that person under the ITAR (International Traffic in Arms Regulations)
- evidence of the eligibility of the individual under the ITAR (International Traffic in Arms Regulations)

2.3 Appointing a designated official

Either a company or an individual can be registered in the Controlled Goods Program. As a condition of registration in the program, the applicant must appoint at least 1 designated official.

The designated official must be either a Canadian citizen ordinarily living in Canada or a permanent resident ordinarily living in Canada. If an applicant is an **individual** and **does not** have employees, that individual is considered the designated official, and will undergo a security assessment by the program and **is not** required to complete the Designated Official Certification Program, as this individual will not be performing security assessments of employees.

If a **company** is applying for registration, the proposed designated official must be an employee who consents to undergo a security assessment and completes the Designated Official Certification Program. The Controlled Goods Program will not approve the registration of the company unless their designated official(s) have successfully completed the certification program.

Learn about mandatory training for designated officials through the Designated Official Certification Program.

2.3.1 Number of designated officials per registrant

As a general rule, a designated official should be responsible for no more than 150 employees accessing controlled goods. A second designated official is always recommended. This will ensure ongoing compliance with program requirements and representation during holidays, staff changes or illness.

For example:

- Company A has 310 employees accessing controlled goods: it could appoint 3 designated officials
- Company B has 740 employees accessing controlled goods: it could appoint 5 designated officials

However, there may be instances where the number of employees does not warrant additional designated officials.

It is also recommended that the security plan of a registrant include a designated official at any site where controlled goods are being examined, possessed or transferred.

2.4 Ensure the designated official fulfills their duties

Every registrant shall ensure that the designated official carries out their duties as stipulated under section 13 of the *Controlled Goods Regulations*.

The key responsibility of a designated official is to perform security assessments of officers, directors, employees including domestic students of the registrant every 5 years. As an on-site representative of the registrant, a designated official is well-positioned to evaluate these individuals having access to controlled goods, and to make a determination as to the extent to which each may pose a risk of transferring a controlled good to an unauthorized person (business or individual).

2.5 Establishing and maintaining a security plan

Registrants must develop, implement and maintain a security plan. An effective security plan ensures that adequate measures are in place to protect against the unauthorized examination, possession or transfer of controlled goods by persons not registered or exempt from registration in the program.

A security plan must be developed and implemented for each place of business in Canada where controlled goods are kept. A unique security plan for each location; or a single security plan that will cover all locations can be implemented. If a single security plan is chosen, the company must ensure that the procedures used to safeguard the controlled goods reflect the conditions at each site. This may require separate sections within the plan to cover the conditions and procedures for each site.

The security plan for each place of business of a registrant must set out the:

- procedures used by the registrant to control the examination, possession or transfer of controlled goods. This includes the procedures related to the transportation of controlled goods and the procedures related to information technology (IT) security
- description of the responsibilities of the registrant's security organization and the identity of individuals who are responsible for the security of controlled goods
- procedures for reporting and investigating security breaches in relation to controlled goods
- contents of security briefings and training programs given to visitors, officers, directors, employees, temporary workers and international students

A security plan not only has to be implemented and maintained, it also has to be effectively applied over the period of registration. The security plan must be handwritten or electronic and in a format that can be easily understood by the individuals who are subject to it. Each registrant is uniquely placed to determine the security plan they require in light of the nature of the controlled goods they examine, possess or transfer. Controlled goods are to be afforded a sufficient level of protection to prevent their unauthorized examination, possession or transfer.

More information

[Developing a security plan for controlled goods](#)

2.6 Provide training to officers, directors, employees, temporary workers and international students

A registrant must provide training programs for the secure handling of controlled goods to officers, directors, employees, temporary workers and international students who are authorized to examine, possess, or transfer those goods.

Every officer, director, employee temporary worker and international student authorized to examine or possess controlled goods must undergo the mandatory training program which has to be established, implemented and effectively applied over the period of registration. Training programs must specifically set out the criteria for the secure handling of controlled goods. Each registrant is uniquely placed to determine the content of their training programs in light of the nature of controlled goods that they examine, possess or transfer.

A training program should be more extensive than a security briefing because it applies to those authorized persons who will examine, possess or transfer controlled goods on a regular basis (employees, officers,

directors, temporary workers and international students of the registrant).

The training program must:

- detail the requirements of the regulations and the act to ensure the proper safeguarding of controlled goods
- include a comprehensive and detailed overview of the security plan in place
- identify the authorized person's reporting obligations and requirements and the security procedures and duties applicable to the person's job
- be explicit in what steps should be taken in the event of a security breach
- be included in the registrant's security plan and contain a log of the date, names and signatures of the authorized person(s) who have received the training and the person who conducted the training

The frequency of training sessions will depend on the size of the organization, the rate of turnover, updates to the registrant's security plan or changes to the program's legislation or regulations. The training should be ongoing and performed periodically for those persons authorized to examine, possess or transfer controlled goods. Periodic refresher training should reinforce the information provided during the initial training and inform of any changes in the security plan.

The effectiveness of the training program in ensuring the secure handling of controlled goods by those authorized to possess, examine or transfer those goods, is subject to inspection by the program.

2.7 Provide security briefings to visitors

All visitors must receive a security briefing prior to examining controlled goods. Security briefings may vary depending on whether or not the program has placed any conditions on the visit. If conditions have been placed on the visit, then the standard security briefing will also include any conditions specific to that visit.

The standard security briefing should be updated to reflect any changes to the registrant's security plan or to the program legislation or regulations.

The security briefing must:

- detail the requirements of the regulations and the act to ensure the safeguarding of controlled goods
- be specific to the visitor as to the controlled goods that they will be examining
- advise the visitor of the access requirements and limits of the visit
- be set out in writing and be included in the registrant's security plan
- be recorded in a log with the visitor's name, contact information and signature acknowledging their responsibilities with respect to the safeguarding of controlled goods and the applicable security restrictions at the registrant's place of business
 - the log must also contain the name of the security official who conducted the security briefing

The program will ensure, by site inspection if necessary, that the security briefings meet the regulatory criteria and are effective in ensuring the secure handling of controlled goods by those authorized to possess, examine or transfer those goods. Registrants should review their security briefings periodically to ensure that they continue to meet the security needs for safeguarding controlled goods and reflect any regulatory or legislative changes to the program.

2.8 Report confirmed and potential security breaches

Registrants must contact the Controlled Goods Program within 3 days upon discovering a potential security breach. Security breaches must be properly investigated by the registrant's security organization and corrective action must be taken to prevent any re-occurrence. The registrant is best placed to determine the nature of a security incident and whether it constitutes a breach. Security breaches can be categorized as loss, destruction, modification, removal or disclosure, of a controlled good. For example, a security breach can be a known theft or disappearance, appearance of willful damage to or tampering with a controlled good and/or the witnessing of unauthorized persons examining controlled goods.

Any breach of a criminal nature that can be subject to conviction under the *Criminal Code* must be reported immediately to the authorities having jurisdiction, and in turn, within 3 days upon discovery to the program.

The **security breach report** must include at minimum the information listed below:

- date, time and place of the security breach
- name and contact information (phone, address, fax) of the person making the report
- nature of event (for example, theft)
- detailed description of incident
- list of controlled goods involved, including name, description, the controlled goods list entry to the most accurate sub-entry, any identifiers and the quantity involved
- name and contact information of the person or organization investigating the incident
- remedial action taken

The program will use the information provided to track the incident and take corrective action as required.

2.9 Make available all records to the Controlled Goods Program

The regulations stipulate that all records and documents maintained by the registrant must be made available, at any reasonable time, to the Controlled Goods Program for examination.

2.10 Report a change in a security assessed individual's criminal history

Section 15(5) of the Controlled Goods Regulations stipulates that an individual subject to a security assessment must inform the Controlled Goods Program or the designated official, as the case may be, of any changes concerning their criminal history within 5 business days.

2.11 Report any change in an application for exemption

Section 19(3) of the Controlled Goods Regulations stipulates that registrants must inform the Controlled Goods Program within 5 business days of any changes in an application for exemption.

2.12 Provide a report of security assessed employees to the Controlled Goods Program

In accordance with section 10(j) of the Controlled Goods Regulations, registrants must complete and submit to the Controlled Goods Program a security assessments report every 6 months that includes:

- the name of each individual security assessed by their designated official(s) during the previous 6 months
- the individual's date of birth
- the date that the security assessment was completed

- the risk level
- whether or not the individual was authorized to access controlled goods

If no security assessments are carried out during that time period, the registrant should complete the security assessments 6-month report template by checking the box “No security assessments were conducted during the last six months” and submit the report to the Controlled Goods Program.

Learn about the [security assessments 6-month report](#) including information and submission requirements.

2.13 Consider recommendations provided by the Controlled Goods Program in regards to high-risk employees

The Controlled Goods Program, on behalf of the Minister, will make a recommendation to the designated official in instances where a security assessment of a high-risk individual is referred by the designated official for further verifications. The designated official must consider this recommendation in their assessment. The final decision, of whether or not to grant access to an employee, director, or officer, remains with the designated official.

3. Third-party contractual workers

3.1 Contractual workers who are registrants

A contractual worker who is a registrant must provide his or her certificate of registration to the client. The registrant client must then confirm the identity of the contractual worker and the validity of the certificate of

registration. The registrant client can do a registration search, if a company does not come up in the search result, you should contact the company directly for further verification.

3.2 Contractual workers who are employees of a registrant

If a contractual worker is the employee of a registrant company, the registrant client must then confirm the:

- company's registration
- contractual worker's identity and employment
- validity of the contractual worker's security assessment with the registrant company

The registrant client can do a registration search. If a company does not come up in the search result, the registrant client should contact the company directly for further verification. The individual's identity and employment can be confirmed by communicating with the contractual worker's own designated official.

3.3 Security assessments of contractual workers

An individual under a contract for work or services with a registered person, including a contractor, subcontractor and independent service provider, is not an employee and therefore must not be security assessed by the client company. The contractor must either be registered in the Controlled Goods Program or be security assessed by their employer if they have a requirement to examine, possess or transfer controlled goods in the context of their duties.

Date modified:

2022-10-06

Appendix "F"

**Correspondence between Ms. Lundy, Mr. Jackson and the Receiver
dated October 23, 2023**

From: [Tom Jackson](#)
To: [Chambers, Paul](#); [Tara Lundy](#)
Cc: [Keeble, Jeff](#); [Yin, Jordan](#); [Martin C. Sennott \(msennott@boughtonlaw.com\)](mailto:msennott@boughtonlaw.com)
Subject: [EXT] RE: Financing and IT Matters
Date: Monday, October 23, 2023 9:03:28 AM

Good Morning Paul,

We need this third party to be security cleared for this action. I have told you many times that this breaks both Canadian a US law. I will not go to prison because you do not follow the laws and the rugukations. I have requested a meeting with judge to be granted full immunity and you will be personally be taking responsability for this as well as your firm. I need this immunity to be signed by a Canadian Court and the US department of State.

Sent from my Samsung Galaxy smartphone.

Tom Jackson
CanWest Aerospace Inc.

----- Original message -----

From: "Chambers, Paul" <pachambers@deloitte.ca>
Date: 2023-10-23 8:35 a.m. (GMT-08:00)
To: Tara Lundy <taral@canwestaerospace.com>
Cc: Tom Jackson <tomj@canwestaerospace.com>, "Keeble, Jeff" <jkeeble@deloitte.ca>, "Yin, Jordan" <joryin@deloitte.ca>, "Martin C. Sennott (msennott@boughtonlaw.com)" <msennott@boughtonlaw.com>
Subject: Financing and IT Matters

Good morning Tara,

Please could you provide an update on your efforts to source financing. Have you heard anything further from Sam?

Secondly, part of our statutory obligations as Receiver is to take possession and control of the Company's books, records and IT data. We also need to deal with the redirection of the DNS from Corey Sheppard to Namecheap to ensure continuity for the CanWest email and website.

We understand that Wednesday is the day when you typically deal with CanWest matters and work from home.

Accordingly, we would like to arrange for an IT technician to attend at the Abbotsford premises on Wednesday this week to set up a new DNS and to take a back-up copy of the server, including the data server and Quantum server. It would be helpful if you could be available during this process Tara, and we will pay for your time at your usual hourly rate.

In order to facilitate this process, we will need the following information from you.

1. Quickbooks log-in details, as previously requested.

2. NameCheap login details.
3. Quantum Oracle log-in details (admin-level).

We are aware that there may be sensitive information on the server. The Receiver is a Court-appointed officer and will ensure the security of the data. We refer you to paragraph 4 of the Receivership Order which compels all persons to permit the Receiver to make, retain and take away copies of the records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities (please see attached Order).

Please provide the above information by the end of the day, and confirm that you will provide access to the computer and server on Wednesday, which we understand is at Abbotsford (please confirm).

Many thanks,

DELOITTE RESTRUCTURING INC.

In its capacity as Court-appointed Receiver and Manager of CanWest Aerospace Inc. and Can West Global Airparts Inc., and not in its personal capacity

Paul Chambers

Senior Vice President | Financial Advisory
410 West Georgia Street, Vancouver, British Columbia, V6B 0S7, Canada
D: 604-640-3368 | M: 604-365-4465
pachambers@deloitte.ca | www.deloitte.com

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Appendix "G"

Correspondence between Fasken and Mr. Jackson dated October 24, 2023

From: [Lisa Hiebert](#)
To: [Tom Jackson](#)
Cc: [Keeble, Jeff](#); [Chambers, Paul](#)
Subject: [EXT] RE: [EXT] FW: Receivership of CanWest Aerospace and Can West Global Airparts
Date: Wednesday, November 1, 2023 9:32:09 AM

Tom,

Thanks for your emails. As noted in my email on Friday, the Receiver has been considering the information provided.

First, the Receiver disputes certain statements in your email below, including around the nature and content of discussions between you and the Receiver. However, we do not intend to provide a response to each point since the intention is to focus on moving forward in a productive manner and focusing on, to the extent possible, realizing on value for stakeholders.

Second, the Receiver has sought to, in a cost-effective manner, verify the assertions you have made regarding regulatory issues. The Receiver intends to bring an application for directions, including its ability to access CanWest's records and property. As you will have seen, this matter has been set for hearing at 9am on Friday, November 17. However, it would assist the Receiver if you could provide additional information regarding the restricted assets and records. The Receiver is also seeking to contact the applicable regulator(s) to confirm their positions directly. If there is an individual that you correspond with that is familiar with CanWest, it would assist the Receiver in resolving these issues if you could provide us with their contact information.

Please let me know if you have questions or would like to discuss. I also reiterate my recommendation that you retain counsel to assist you in this matter including in respect of obligations under the Receivership Order.

Regards,
Lisa

Lisa Hiebert
Partner

T +1 604 631 4977 | lhiebert@fasken.com
Fasken Martineau DuMoulin LLP

From: Tom Jackson <tomj@canwestaerospace.com>
Sent: Friday, October 27, 2023 1:08 PM
To: Lisa Hiebert <lhiebert@fasken.com>
Subject: [EXT] FW: Receivership of CanWest Aerospace and Can West Global Airparts

{CAUTION: This email originated from outside of Fasken. Exercise care before clicking links or opening attachments.}

Good Afternoon Mrs. Hiebert,,

I have not heard a response from you on my email that I have sent. This has been the issue I get zero communication from the receiver and zero response from you. Please respond.

Regards,

Tom Jackson - Director of Maintenance

PLEASE NOTE: OUR NEW ADDRESS BELOW – PLEASE UPDATE YOUR SYSTEM

CanWest Aerospace Inc.

4345 King Street, Delta BC V4K 0A5

Phone: 604-532-0322 | Cell: 604-313-4217 | Fax: 604-539-5592

AMO# 104-06 EASA# 145.7242

www.canwestaerospace.com

Cage Code [LOE83](#)



From: Tom Jackson

Sent: Wednesday, October 25, 2023 11:56 AM

To: Lisa Hiebert <lhiebert@fasken.com>

Cc: Keeble, Jeff <jkeeble@deloitte.ca>; Chambers, Paul <pachambers@deloitte.ca>

Subject: RE: Receivership of CanWest Aerospace and Can West Global Airparts

Good Morning Mrs. Hiebert,

I have always granted access to Deloitte to both the Delta and ABBOTSFORD properties. The Delta Property is on Airside and all personal require an escorted access as per the Transport Canada Regulations for airports. This also includes escort and pre clearance of all visitors with in a Controlled goods facility. The Abbotsford property is owned by Mrs. Tara Lundy and it is her personal property. I find it very disrespectful that I get aggressive behavior when we do not obey to Deloitte time request or we request a schedule change. I am constantly threatened that we must obey at all times their terms and time schedule. These are not business warehouses that you can

slap a lock on the door and keep people out. The circumstances are very complex and this is the reason why the best option is the complete sale process. I do not work for Deloitte nor do I have an employee contract and as a result am not required to be available five days a week. I was told by Mr. Chambers on the phone that I'm not allowed to leave the country or work until this receivership has completed. Who is responsible for the financial losses that Deloitte has imposed on me. My rights as a Canadian are being violated and I would like you to address how these rights are being violated.

I informed Mr. Paul Chambers on the very first day I was contacted by him that CanWest is controlled and has to maintain all compliances with Control Goods. I have sent over a dozen emails to Mr. Chambers on this subject and so many phone calls I cannot keep track. Mr. Chambers ignores my emails and keeps telling me he does not have to follow these rules. No Canadian or Foreign National has immunity to the laws in Canada and the United States when it comes to Export control of Military Goods and Technical data. Transferring, Copying, viewing Technical data violates and compromises National Security in Canada and the United States. I swore an oath to report all parties that pose or cause a threat to national security in respect to violation of controlled goods and ITAR. Your court order that I continue to get sent to me and I'm well aware of the document was order by Justice Gomery does not take in account the management of Controlled Goods. Mr. Chambers as an Officer of the Court has an obligation to report to the court that the court order does not meet the requirements to deal with export control.

Any Technical Data that will be transferred, copied or viewed by a un authorized party will require to have "Militarily Critical Technical Data Agreement" by "U.S./CANADA JOINT CERTIFICATION OFFICE DLA LOGISTICS INFORMATION SERVICE FEDERAL CENTER, 74 Washington Ave, North Battle Creek, MI USA 49037-3084". This process takes up to six weeks providing that Deloitte can prove that they have a technical requirements to hold such data for the use on military applications. You should know a court order for receivership does not take precedence under Canadian Law and US law on this matter of transferring of goods and technical data.

No part can be moved, transferred, or sold by or to a third party without first checking for export control compliance. What this means is each part number requires to be researched and classified. If the item is under export control then the part requires an Export Permit based on the classification. These export permits can take up to three months to be processed and additional costs are required to submit the application. The estimated time to Inventory all items that CanWest has will take up to three months with a team of people of four to five people. Each one of these individuals must go through a security assessment, Back Ground check with finger prints. Once this has been completed it is submitted for further background checks under Department of State in the US and CSIS. This process takes 3 to 4 weeks typically. This is required by all parties to handle any items that are controlled goods. I have explained this to Mr. Chambers over and over and he will not accept that he has to follow these rules. I have attached a copy of the security assessment application. Once this has been completed and the back ground/ finger prints have been received back you are required to submit these documents for my review and I will than submit them to the above authorities for further clearance and approval.

It might be in your best interest to retain a lawyer both in Canada and the US that can educate you

on the regulations that applies to controlled goods. In the last 20 years CanWest has worked on many projects in Afghanistan, North Africa and many other countries in the Middle East. The data that is on our server and in Quantum has sensitive data that does effect National Security for the US Government and in Canada. I cannot stress enough that any party that violates these laws have no immunity to prosecution under the Defense Act in Canada and the US ITAR laws. The US laws always take precedence when it comes to controlled goods and this is defined in the Canada Defense Act.

I cannot stress the importance of this enough, no one is exempt from following these rules even Court appointed personal. I have always been cooperative to the best of my ability and I find it very disappointing to be labelled an uncooperative when the message being delivered is not agreed with. I have a clear history of unanswered email communication with Mr. Chambers on this topic.

Regards,

Tom Jackson - Director of Maintenance

PLEASE NOTE: OUR NEW ADDRESS BELOW – PLEASE UPDATE YOUR SYSTEM

CanWest Aerospace Inc.

4345 King Street, Delta BC V4K 0A5

Phone: 604-532-0322 | Cell: 604-313-4217 | Fax: 604-539-5592

AMO# 104-06 EASA# 145.7242

www.canwestaerospace.com

Cage Code [LOE83](#)



From: Lisa Hiebert <lhiebert@fasken.com>

Sent: Tuesday, October 24, 2023 5:51 PM

To: Tom Jackson <tomj@canwestaerospace.com>

Cc: Keeble, Jeff <jkeeble@deloitte.ca>; Chambers, Paul <pachambers@deloitte.ca>

Subject: Receivership of CanWest Aerospace and Can West Global Airparts

Tom,

Fasken is counsel to Deloitte Restructuring in connection with the receivership of CanWest Aerospace Inc and Can West Global Airparts Inc. (together, the "Company"). As you know, Deloitte was appointed as receiver and manager of all of the assets, undertakings and property of the Company pursuant to an order made August 29, 2023 (the "Receivership Order"). A copy of the Receivership Order is attached for ease of reference. I also note that the Receivership Order was made pursuant to an application filed January 31, 2023 and was made on notice to the Company, among others.

I understand that, pursuant to the Receivership Order, the Receiver has made various requests for access, information and documents that has not been provided in a timely manner. I am writing to remind you of the requirements of the Receivership Order and to encourage you to seek legal advice. I am counsel to Deloitte and not able to provide you with any legal advice.

For context, I note that the Receivership Order requires, among other things, that:

1. You provide the Receiver with access to the Company's premises in Abbotsford and Delta (paragraph 3);
2. Upon request, you provide the Receiver with or allow the Receiver to make copies of Company documents and records in your possession (paragraph 5); and
3. For records stored electronically, you **"forthwith give unfettered access to the Receiver"** of such records so that the Receiver can recover and make copies of such information. This includes providing access codes, account numbers, etc. necessary to access electronic information (paragraph 6).

I understand that the Receiver has requested access to the Company's electronic records in various systems and that you have failed or refused to facilitate access, asserting that doing so may result in legal issues for you and/or the Receiver. The specific law or regulation that the Receiver accessing the Company's records was not identified in this refusal, and we understand that no issues were raised when the Receivership Order was made.

The Receiver seeks copies of the records pursuant to the Receivership Order, which is an order made on notice to the Company and which has not been appealed, varied, modified, set aside or challenged in any way. Accordingly, it is a final order that is binding on all parties.

Because the information is received pursuant to a court order, the Receiver does not believe there are confidentiality issues associated with it obtaining this information, but to address your concerns on that point, the Receiver has agreed to obtain a non-disclosure agreement from the IT company that will pull the information. The Receiver will store the data at a secure location where only the Receiver will have access.

I also understand that you have, at various points, asserted general regulatory or other legal requirements that restrict the Receiver's ability to gather information or property pursuant to the Receivership Order. The Receiver requests that you comply with the Receivership Order in all respects. If there is a regulation or law that limits or restricts parties' ability to comply with the Receivership Order, that ought to be brought to the Court's attention immediately, but unless and

until the Receivership Order is varied, modified or set aside, it is binding on all parties.

I strongly encourage you to speak to a lawyer to assist you in this matter.

Regards,

Lisa

Lisa Hiebert

Partner

T +1 604 631 4977

lhiebert@fasken.com | www.fasken.com/en/Lisa-Hiebert

FASKEN

Fasken Martineau DuMoulin LLP

550 Burrard Street, Suite 2900, Vancouver, British Columbia V6C 0A3

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Appendix "H"

Application for Registration under the CGP (Blank)



APPLICATION FOR REGISTRATION

Warning: Any false statement, misrepresentation, or concealment of any material fact on this application or any document presented in support of this application may lead to denial, suspension, or revocation of your application and be grounds for criminal prosecution under subsection 45(2) of the *Defence Production Act*.

In any instance where this form does not allow sufficient space for a complete answer, attach a separate page as required. Incomplete or illegible applications will not be processed and will be returned to the applicant. The Controlled Goods Program has a service standard of 32 business days to process complete applications.

Privacy notice

The information requested is collected by the Controlled Goods Program to determine the current and ongoing entitlement of your company to register with the Controlled Goods Program. The information is collected under the authority of the *Defence Production Act* and the *Controlled Goods Regulations*.

Refusal to provide personal information or the provision of incorrect information will result in you being prohibited from examining, possessing, or transferring items identified in the Controlled Goods List contained in the Schedule to the *Defence Production Act*.

Your personal information is used, protected, or disclosed in accordance with the [Privacy Act](#) and is described in the Personal Information Bank, Controlled Goods Program, [PWGSC PPU 045](#). Under the *Privacy Act*, you have the right to access your personal information and to request corrections if you believe that your personal information is inaccurate or incomplete.

If you have concerns or believe to have grounds to file a complaint in regards to the handling of your personal information, you may contact the Public Services and Procurement Canada's Access to Information and Privacy Directorate by email at tpsgc.vieprivee-privacy.pwgsc@tpsgc-pwgsc.gc.ca. If you are not satisfied with the response to your privacy concern or if you want to file a complaint about the handling of your personal information, you may wish to contact the [Office of the Privacy Commissioner of Canada](#).

A – Preferred language of correspondence

English

French

B – Type of application

New

Renewal

Amendment

For **all** applications: if a section does not apply, indicate 'N/A' (not applicable).

For **new** and **renewal** applications, complete all sections of the form.

For **amendment** applications, complete sections A, B, C and I, as well as any other section where there are changes from the original application.

C – Business information

1 - Type of business (attach evidence of the legal status of the business)

- Corporation Academic institution
- Not-for-profit Sole proprietorship
- Partnership Other (specify)

2 - CRA Business Number

3 - Legal name

4 - Business name (if different than legal name)

5- Head office civic address



APPLICATION FOR REGISTRATION

6 - Head office mailing address (if different from civic address)	
7 - Telephone	8 - E-mail
9 - Organization website	
10 - Indicate the number of employees in your organization:	
11 - Indicate the number of employees in your organization who are or will be in a position to examine, possess or transfer controlled goods:	

D – Registration requirement

12 - Describe your organization’s general business activities as well as activities relating to the examination, possession or transfer of controlled goods. If you are bidding on a contract involving controlled goods, provide details of the contract here.

Business relationship / work obligations

13 - Identify with which industry organization or government department you have or will have controlled goods work obligations.

14 - Work agreement start date (year-month-day)	15 - Work agreement end date (year-month-day)
---	---

Third party contact person (reporting authority)

16 - Identify the person or reporting authority from 12 who can confirm the requirement for your organization to register.

17 - Name	18 - Title
-----------	------------

19 - Telephone	20 - E-mail
----------------	-------------





APPLICATION FOR REGISTRATION

Controlled goods information

21 - Refer to the [Guide to the Schedule to the Defence Production Act](#) to populate the first two columns of the table below.

Refer to [the United States Munitions List \(USML\)—part 121 of the United States International Traffic in Arms Regulations](#) (ITAR) for U.S. ITAR defence articles that are manufactured in the U.S. or manufactured from technical data (technology) that is currently controlled under the USML to populate the last two columns of the table below. Please list the category number to its greatest extent.

Use "N/A" if not applicable, as scenarios vary. **Do not leave any table cells blank.**

Schedule / Export Control List (ECL) number	Description of controlled goods	Controlled by the USML – part 121 of the United States ITAR?	USML category number
---	---------------------------------	--	----------------------

THE FOLLOWING ARE **EXAMPLES ONLY**:

2-6.a.	Military tank	<input type="radio"/> Yes <input type="radio"/> No	VII a.1.
N/A	Ground vehicle suspension for military vehicle	<input type="radio"/> Yes <input type="radio"/> No	VII g.10
2-7.b.2.b.	2-chlorovinylchloroarsine (CAS 541-25-3);	<input type="radio"/> Yes <input type="radio"/> No	N/A

BEGIN BELOW:

		<input type="radio"/> Yes <input type="radio"/> No	
		<input type="radio"/> Yes <input type="radio"/> No	
		<input type="radio"/> Yes <input type="radio"/> No	
		<input type="radio"/> Yes <input type="radio"/> No	
		<input type="radio"/> Yes <input type="radio"/> No	

E – Head office site information – site 1

22 - Will controlled goods be kept at your head office? Yes No
If you answered yes, respond to 23 and 24 below. If you answered no, skip to 25.

23 - Will **all** of the controlled goods identified in section D 21 be kept at your head office? Yes No

24 - If you answered no to 23, identify which controlled goods listed in section D 21 will be kept at this location by noting the respective ECL number:

25 - Will records of transfers of controlled goods be kept at the head office? Yes No

26 - Will records of employee security assessments be kept at the head office? Yes No

If you answered no to questions 25 or 26 or to add more business sites where controlled goods, records of transfers and/or security assessments are kept, go to annex 1, attached.



APPLICATION FOR REGISTRATION

Designated official(s)		
27 - Identify the (proposed) designated official(s) who will be responsible for your head office. Designated official eligibility is defined in section 11 of the <i>Controlled Goods Regulations</i> . All designated officials will be subject to a security assessment.		
Surname	Given name	Title
Telephone		E-mail
Surname	Given name	Title
Telephone		E-mail

F - Ownership information	
28 - Identify individuals and/or businesses that own this organization and indicate percentage of ownership. For businesses identified, provide complete ownership information up to and including the ultimate owner in the corporate tree (regardless of percentage of ownership), and whether the organization is publicly traded, using the format below. As an option, you may instead attach a separate chart/diagram containing this information. Individual owners of 20% or more of the voting shares or interests will be subject to a security assessment. Refer to Appendix 1 for examples.	
Is your organization publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
1a - Name	% of ownership
Head office address	
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
1b - Name	% of ownership
Head office address	
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange



APPLICATION FOR REGISTRATION

1c - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

2a - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

2b - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

2c - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	



APPLICATION FOR REGISTRATION

3a - Name		% of ownership
Head office address:		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

3b - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

3c - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

G – Business officials

29 - Identify all Officers, Directors, Partners and Proprietors. The individual identified in section I must also be listed in this section. For new and renewal applications, list all business officials. For amendments only, check either the Added or Removed boxes for each individual.

To be: <input type="radio"/> Added or <input type="radio"/> Removed		
Surname	Given name	Title
Residential address		Telephone



APPLICATION FOR REGISTRATION

To be: <input type="radio"/> Added or <input type="radio"/> Removed		
Surname	Given name	Title
Residential address		Telephone
To be: <input type="radio"/> Added or <input type="radio"/> Removed		
Surname	Given name	Title
Residential address		Telephone
To be: <input type="radio"/> Added or <input type="radio"/> Removed		
Surname	Given name	Title
Residential address		Telephone
If more space is required for business officials, go to annex 2, attached.		

H – Web consent

30 - Subsection 37 (2) of the *Defence Production Act* prohibits a person who is registered or who is exempt from registration from knowingly transferring a controlled good to a person who is not registered or who is not exempt from registration or permitting the examination of a controlled good by such a person.

To assist registered and exempted persons in exercising due diligence when transferring controlled goods, the Controlled Goods Program publishes on its website a list of registered persons who have provided their consent to be listed.

If you consent to be listed on the Controlled Goods Program website your information will be available to the public.

Select one of the following options:

I consent to have the following information posted on the Controlled Goods Program’s website (**select 1 of the 2 boxes below**):

- (a) Name of registered person, full address, registration expiry date and general contact number
- (b) Name of registered person, full address, registration expiry date, general contact number, name(s) of designated official(s) and contact number of the designated official(s)

I do not consent to have the organization’s information posted on the Controlled Goods Program’s website

I – Statement of authorized individual

31 - An individual identified as a business official in section G above should complete this section. This authorized individual will be subject to a security assessment.

I, the undersigned, as the individual authorized by the applicant, do hereby certify that the information contained in and accompanying this application to be true, complete, and accurate. I acknowledge and agree to comply with the responsibilities outlined in the *Defence Production Act* and the *Controlled Goods Regulations* with respect to the examination, possession, or transfer of items identified in the Controlled Goods List contained in the Schedule to the *Defence Production Act*.

32 - Surname	33 - Given name	34 - Title
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APPLICATION FOR REGISTRATION

Site 3 - To be: **Added** or **Removed**

1 - Site 3 civic address

2 - Site 3 mailing address (if different from civic address)

3 - Will controlled goods be kept at site 3? Yes No
 If you answered yes, respond to 4 and 5 below. If you answered no, skip to 6.

4 - Will **all** of the controlled goods identified in section D 21 be kept at site 3? Yes No

5 - If you answered no to 4, identify which controlled goods listed in section D 21 will be kept at this location by noting the respective ECL number:

6 - Will records of transfers of controlled goods be kept at site 3? Yes No

7 - Will records of employee security assessments be kept at site 3? Yes No

Designated official(s)

8 - Identify the (proposed) designated official(s) who will be responsible for site 3. Designated official eligibility is defined in section 11 of the *Controlled Goods Regulations*. All designated officials will be subject to a security assessment.

Surname	Given name	Title
---------	------------	-------

Telephone	E-mail
-----------	--------

Surname	Given name	Title
---------	------------	-------

Telephone	E-mail
-----------	--------

Site 4 - To be: **Added** or **Removed**

1 - Site 4 civic address

2 - Site 4 mailing address (if different from civic address)

3 - Will controlled goods be kept at site 4? Yes No
 If you answered yes, respond to 4 and 5 below. If you answered no, skip to 6.

4 - Will **all** of the controlled goods identified in section D 21 be kept at site 4? Yes No

5 - If you answered no to 4, identify which controlled goods listed in section D 21 will be kept at this location by noting the respective ECL number:



APPLICATION FOR REGISTRATION

6 - Will records of transfers of controlled goods be kept at site 4?	<input type="radio"/> Yes	<input type="radio"/> No
7 - Will records of employee security assessments be kept at site 4?	<input type="radio"/> Yes	<input type="radio"/> No

Designated official(s)

8 - Identify the (proposed) designated official(s) who will be responsible for site 4. Designated official eligibility is defined in section 11 of the *Controlled Goods Regulations*. All designated officials will be subject to a security assessment.

Surname	Given name	Title
Telephone	E-mail	
Surname	Given name	Title
Telephone	E-mail	

Site 5 - To be: **Added** or **Removed**

1 - Site 5 civic address

2 - Site 5 mailing address (if different from civic address)

3 - Will controlled goods be kept at site 5? If you answered yes, respond to 4 and 5 below. If you answered no, skip to 6.	<input type="radio"/> Yes	<input type="radio"/> No
---	---------------------------	--------------------------

4 - Will all of the controlled goods identified in section D 21 be kept at site 5?	<input type="radio"/> Yes	<input type="radio"/> No
---	---------------------------	--------------------------

5 - If you answered no to 5, identify which controlled goods listed in section D 21 will be kept at this location by noting the respective ECL number:

6 - Will records of transfers of controlled goods be kept at site 5?	<input type="radio"/> Yes	<input type="radio"/> No
7 - Will records of employee security assessments be kept at site 5?	<input type="radio"/> Yes	<input type="radio"/> No

Designated official(s)

8 - Identify the (proposed) designated official(s) who will be responsible for site 5. Designated official eligibility is defined in section 11 of the *Controlled Goods Regulations*. All designated officials will be subject to a security assessment.

Surname	Given name	Title
Telephone	E-mail	
Surname	Given name	Title
Telephone	E-mail	





APPLICATION FOR REGISTRATION

Annex 2 – Additional business officials

Identify all officers, directors, partners and proprietors.

To be: Added or Removed

Surname	Given name	Title
---------	------------	-------

Residential address	Telephone
---------------------	-----------

To be: Added or Removed

Surname	Given name	Title
---------	------------	-------

Residential address	Telephone
---------------------	-----------

To be: Added or Removed

Surname	Given name	Title
---------	------------	-------

Residential address	Telephone
---------------------	-----------

To be: Added or Removed

Surname	Given name	Title
---------	------------	-------

Residential address	Telephone
---------------------	-----------

To be: Added or Removed

Surname	Given name	Title
---------	------------	-------

Residential address	Telephone
---------------------	-----------



APPLICATION FOR REGISTRATION

To be: <input type="radio"/> Added or <input type="radio"/> Removed		
Surname	Given name	Title
Residential address		Telephone
To be: <input type="radio"/> Added or <input type="radio"/> Removed		
Surname	Given name	Title
Residential address		Telephone
To be: <input type="radio"/> Added or <input type="radio"/> Removed		
Surname	Given name	Title
Residential address		Telephone

Appendix 1 – Ownership examples (Section F)	
Ex. 1 – ABC Corporation applying to register in the Controlled Goods Program and is traded on the Toronto Stock Exchange.	
Is your organization publicly traded? <input checked="" type="radio"/> Yes <input type="radio"/> No	Stock Exchange Toronto
1a - Name	% of ownership
Head office address:	
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
1b - Name	% of ownership
Head office address	





APPLICATION FOR REGISTRATION

Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
--	----------------

1c - Name	% of ownership
------------------	----------------

Head office address

Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
--	----------------

Ex. 2. JJ Smith Limited is applying to register in the Controlled Goods Program and is owned by: Jane Smith (35%), Joe Smith (35%), Alex Smith (15%) and Michael Smith (15%).

Is your organization publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
---	----------------

1a - Name Jane Smith	% of ownership 35
------------------------------------	--------------------------

Head office address 123 Main St. Smithville, ON K1K 1K1

Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
--	----------------

1b - Name	% of ownership
------------------	----------------

Head office address

Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
--	----------------

1c - Name	% of ownership
------------------	----------------

Head office address

Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
--	----------------

2a - Name Joe Smith	% of ownership 35
-----------------------------------	--------------------------

Head office address 123 Main St. Smithville, ON K1K 1K1

Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
--	----------------

2b - Name	% of ownership
------------------	----------------

Head office address

Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
--	----------------



APPLICATION FOR REGISTRATION

2c - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

3a - Name No other individual or business owns 20% or more		% of ownership 30
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

3b - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

3c - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

Ex. 3. Military Aerospace Inc. is applying to register in the Controlled Goods Program. Its ownership is as follows: 40% - Global Military Ltd. - Traded on the New York Stock Exchange; 40% - Canada Aerospace Corp. - 100% owned by Jean Tremblay; 20% - True North Strong Inc. - 100% owned by Confederation Inc. - Traded on the Toronto Stock Exchange.

Is your organization publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange
---	----------------

1a - Name Global Military Ltd.		% of ownership 40
Head office address 5 Wade Ave. Ottawa, ON K1K 1K1		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange New York	

1b - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	





APPLICATION FOR REGISTRATION

1c - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

2a - Name Canada Aerospace Corp.		% of ownership 40
Head office address 456 Line Drive Ottawa, ON K2T 2B8		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

2b - Name Jean Tremblay		% of ownership 100
Head office address 4 Lister Ave. Ottawa, ON K3C 2T3		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

2c - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

3a - Name True North Strong Inc.		% of ownership 20
Head office address 14 Putnam Way Ottawa, ON K5C 2T4		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	

3b - Name Confederation Inc.		% of ownership 100
Head office address 35 Minor Cresc. Ottawa, ON K6S 3G5		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange Toronto	

3c - Name		% of ownership
Head office address		
Publicly traded? <input type="radio"/> Yes <input type="radio"/> No	Stock Exchange	