

BUCHH HOLDING INC., 2371561 ONTARIO INC., BRITMAN SPECIALTY PRODUCTS INC., ROTALEC INTERNATIONAL INC. and ROTALEC CANADA INC.

FIRST REPORT OF THE INTERIM RECEIVER

July 29, 2024

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

BETWEEN:

TD BANK

Applicant

- and -

**BUCHH HOLDING INC., 2371561 ONTARIO INC., BRITMAN SPECIALTY PRODUCTS INC.,
ROTALEC INTERNATIONAL INC. and ROTALEC CANADA INC.**

Respondents

**APPLICATION UNDER subsections 47(1) and 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended, and under section 101 of the
Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**FIRST REPORT OF RICHTER INC.
IN ITS CAPACITY AS INTERIM RECEIVER OF
BUCHH HOLDING INC., 2371561 ONTARIO INC., BRITMAN SPECIALTY PRODUCTS INC.,
ROTALEC INTERNATIONAL INC. and ROTALEC CANADA INC.**

July 29, 2024

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I. INTRODUCTION

1. Upon application by The Toronto-Dominion Bank (the “**Bank**” or the “**Applicant**”), on July 19, 2024, the Honourable Mr. Justice W. D. Black of the Superior Court of Justice (Commercial List) (the “**Court**”) issued an Order (the “**IR Order**”) appointing Richter Inc. (“**Richter**”) as interim receiver (the “**Interim Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of Buchh Holding Inc. (“**Buchh Holding**”), 2371561 Ontario Inc. (“**UGP**”), Britman Specialty Products Inc. (“**BSP**”), Rotalec International Inc. (“**Rotalec International**”) and Rotalec Canada Inc. (“**Rotalec Canada**”, and collectively the “**Company**” or “**Debtors**”) pursuant to subsection 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”). A copy of the Interim Receivership Order is attached hereto as **Appendix “A”**.
2. As noted in the endorsement of the Honourable Mr. W. D. Black, a copy of which is attached hereto as **Appendix “B”**, the Interim Receivership Order was granted with a comeback hearing date of August 15, 2024 (the “**Comeback Hearing**”).
3. The Interim Receiver understands that the Bank is bringing an emergency application on July 31, 2024 for an Order (the “**Receivership Order**”) appointing Richter as receiver (in such capacity, the “**Receiver**”) to exercise the powers and duties set out in the Receivership Order, pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended, without security, of the Property of the Company.
4. Richter is a licensed trustee within the meaning of section 2 of the BIA and has consented to act as Receiver in these proceedings in the event that this Court grants the relief sought by the Bank. We are writing this report as Interim Receiver of the Company.

II. PURPOSE OF REPORT

5. The purpose of this report (the “**Report**”) is to:
 - (a) Inform the Court of the activities of the Interim Receiver since the granting of the Interim Receivership Order; and
 - (b) Provide this Court with the Interim Receiver’s preliminary observations and findings.

III. QUALIFICATIONS

6. In preparing this Report, Richter has relied upon unaudited financial information, the Company’s books and records, financial information prepared by the Company and discussions with management (collectively, the “**Information**”). Richter has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein.

Richter has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards (“GAAS”) pursuant to the Canadian Institute of Chartered Accountants Handbook and, as such, Richter expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company’s financial forecasts in accordance with the *CPA Canada Handbook* has not been performed. Future-oriented financial information reported on or relied upon in this Report is based on management’s assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.

7. Unless otherwise noted, all monetary amounts contained in this Report are expressed in Canadian dollars (“CAD”).

IV. BACKGROUND

8. Reference is made to the Affidavit of Amanda Bezner, sworn July 18, 2024 (the “**Bezner Affidavit**”) filed in support of the Bank’s application for the Interim Receivership Order, appended as Tab 2 of the Applicant’s Motion Record, as well as to the additional Affidavit of Amanda Bezner (the “**Additional Bezner Affidavit**”), sworn July 29, 2024 in support of the Bank’s application for the Receivership Order. While this Report summarizes some of the information set out in the Bezner Affidavit and the Additional Bezner Affidavit (together, the “**Affidavits**”), for context, readers are directed to the Affidavits for a more detailed explanation of the grounds for the Bank’s motion. In addition, reference is made to the Pre-Filing Report of the Proposed Interim Receiver dated July 17, 2024, as filed in support of the IR Order.

Company Overview

9. The Company is a privately-owned corporation which is a consolidation of multiple businesses, with Rotalec Canada being the primary operating company. The Respondents have operations in Ontario, Quebec and Minnesota, and operate as follows:
 - Buchh Holding is a management company with no operations. It owns 100% of each of Rotalec International and BSP and 50% of UGP;
 - Rotalec specializes in the distribution of industrial automation products and customized robotics for numerous industries including aerospace, aluminum, packaging and general manufacturing;
 - BSP specializes in the sale of locking devices to companies in the furniture industry; and
 - UGP specializes in custom plastic injection molding.
10. The principal of the Company is Mr. Farhat Buchh.

11. On May 15, 2024, Richter was engaged by the Bank to review and assess the assets, financial position, business and operations of the Company. Credit facilities advanced by the Bank to the Company at the time totaled approximately \$3.6M.
12. More specifically the scope of Richter's engagement included the following elements:
 - Review of the Company's monthly borrowing base calculation ("**BBC**");
 - Review of the Company's current financial situation; and
 - Any other matters as required by the Bank.
13. The Company has incurred losses in two of the last three fiscal years. The year-to-date sales through April 30, 2024 for Rotalec (which represents approximately 85% of Company revenue) reflect a 50% sales decline versus April 30, 2023. This sales decline significantly eroded the Company's collateral and liquidity.
14. Prior to the appointment of Richter as Interim Receiver, based on our review of the BBC as at April 30, 2024, we noted significant errors as follows:
 - Eligible accounts receivable were overstated by approximately \$809,000;
 - Eligible inventory was overstated by approximately \$917,000; and
 - Priority payables were understated by approximately \$201,000.

As a result of these errors, the reported margin deficit of approximately \$60,000 as of April 30, 2024, was in fact adjusted to a margin deficit of \$1,298,000. Management was made aware of our findings and had not disputed them.
15. In addition, the Company's serious liquidity issues resulted in their two largest suppliers refusing further shipments to the Company although we were subsequently advised that arrangements were being made to receive further inventory on a COD basis amongst other conditions.

V. ACTIVITIES OF THE INTERIM RECEIVER

16. In the afternoon of July 19, 2024, following the granting of the Interim Receivership Order, the Interim Receiver arrived at the premises of Rotalec Canada located at 5000, Thimens, St-Laurent, Québec, Canada, H4R 2B2 (the "**Rotalec Premises**"), and was granted access by Mr. Mamdouh Boulos, the financial controller. A representative of the Interim Receiver also attended at the premises of UGP located at 85 Chambers Drive (units 6 & 7) and 400 Monarch Avenue (units 9 & 10) in Ajax, Ontario and at BSP located at 400 Monarch Avenue (units 9 & 10) in Ajax, Ontario (the "**UGP and BSP Premises**"). Mr. Farhat Buchh provided access to the UGP and BSP Premises.

17. The Interim Receiver explained the terms of the IR Order, and obtained the full cooperation of both Mr. Boulos and Mr. Buchh. The IR Order did not provide for the Interim Receiver to take possession of the Company's premises nor to take control of receipts and disbursements. Nonetheless, the Interim Receiver has maintained a full-time presence at the Rotalec Premises during normal business hours. Given the limited value of assets at the UGP and BSP Premises, the Interim Receiver is not present at these premises on a full-time basis.
18. The Interim Receiver then completed the following activities up to and including the date of this Report:
 - a) Photographed certain machinery/equipment and inventory;
 - b) Performed test counts of the inventory at the Company's various premises mentioned in paragraph 16 above;
 - c) Confirmed with Management that valid insurance was in place;
 - d) Gained access to the Company's computer system, and performed a full back up of the Company's financial information;
 - e) Reviewed the Company's books and records in an effort to gain an understanding of the Company's financial position;
 - f) Obtained daily reporting of bank activity from the Bank and reviewed same for reasonableness;
 - g) Prepared an updated BBC for the Bank dated July 23, 2024;
 - h) Communicated with interested parties regarding the operations of Rotalec Canada and UGP;
 - i) Reviewed the Company's daily funding requests;
 - j) Attended update calls with the Bank and its counsel; and
 - k) Prepared this Report;

VI. INTERIM RECEIVER'S FINDINGS

19. As at the date of the Report, the Interim Receiver has made these findings:
 - Since our appointment on July 19, 2024 the Company incurred negative net cash flows totaling approximately - \$26,000 in the one week ending July 26, 2024. During this period, receipts from customers were ~ \$141,000, while disbursements were ~ \$167,000;
 - The updated BBC as of July 23, 2024 now reflects a margin deficit of \$2.2M, as compared to the \$1.3M shortfall calculated as at April 30, 2024. This represents a further \$900K deterioration in the Bank's collateral, primarily due to the significant reduction of the Company's accounts receivable and inventory position;
 - The Company has insufficient liquidity to operate its business;

- UGP and BSP's books and records are not updated on a timely basis. In fact, Mr. Buchh advised us that the inventory for UGP had not been updated in many months. In April, UGP incorrectly reported to the Bank an inventory balance of \$1.1M in their BBC, while on July 23, 2024, the inventory balance had diminished to \$381K. Per Mr. Buchh, the significant reduction of inventory is not due to sales but rather, to the fact that the April 30, 2024 balance reported to the Bank was not updated since its December 31st year-end and was thus incorrect;
 - Many of the Company's employees have expressed significant concern as to the Company's future and their ongoing employment. Several key employees have discussed their concerns with Richter; and
 - Sales for Rotalec (which represents approximately 85% of Company revenue) have decreased by 54% in May 2024 and by 56% in June 2024 compared to 2023. A more significant decline is expected for July 2024.
20. During our test counts of the Company's inventory, we noted material overstatements/missing inventory of approximately \$755,000. Mr. Buchh was unable to explain these overstatements.
21. A third-party potential investor, Mr. Bob Claeys, who has been in discussions with Mr. Buchh for several weeks to acquire Rotalec Canada, has made several offers to the Bank to acquire their security over the assets of Rotalec Canada, all of which were deemed unacceptable by the Bank. These offers included multiple conditions, including the need to secure financing. The offers represented significant risk to the Bank, as the Bank would have been required to continue funding operations while Mr. Claeys attempts to obtain financing and fulfill his numerous conditions. In addition, it appears that Mr. Claeys offer would not improve the Bank's realization as compared to a liquidation of Rotalec Canada.
22. Similarly, Mr. Buchh provided an offer to the Bank to acquire their security over the assets of UGP. The Bank deemed this offer to be unacceptable, however, further discussions are being held.

VII. APPOINTMENT OF RICHTER AS RECEIVER

23. Richter believes that the appointment of a Receiver is urgent, due to the following:
- The significant and ongoing deterioration of the Bank's collateral from April 30, 2024 to July 23, 2024. In fact, as mentioned above, the BBC as of July 23, 2024 reflects a significant margin deficit of \$2.2M which in our view, is likely to grow with continuing operations due to the low level of sales and ongoing level of overhead and operating expenses;
 - As explained in the Affidavits, the Company has no liquidity to continue operating as a going concern including meeting ongoing payroll obligations. In addition, the realization value of the assets indicates that the Bank will likely incur a significant loss; and

- In our current capacity as Interim Receiver, Richter is not in a position to halt the ongoing deterioration of the Bank's collateral. Given the significant shortfall for the Bank, and the lack of liquidity to operate, appointing a Receiver to take control of the Company to protect the collateral of the Bank is both urgent and necessary.

All of which is respectfully submitted on the 29th day of July, 2024.

Richter Inc.
as Interim Receiver of
Buchh Holding Inc., 2371561 Ontario Inc., Britman Specialty Products Inc.,
Rotalec International Inc. and Rotalec Canada Inc. and not in its personal capacity



Andrew Adessky, CPA, CIRP, LIT



Olivier Benchaya, CPA, CIRP, LIT

APPENDIX A

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

THE HONOURABLE) FRIDAY, THE 19TH DAY
JUSTICE W.D. BLACK) OF JULY, 2024

B E T W E E N:

THE TORONTO-DOMINION BANK

Applicant

- and -

**BUCHH HOLDING INC., 2371561 ONTARIO INC., BRITMAN SPECIALTY
PRODUCTS INC., ROTALEC INTERNATIONAL INC. and ROTALEC CANADA INC.**

Respondents

**APPLICATION UNDER SUBSECTIONS 47(1) AND 243 OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**ORDER
(Appointing Interim Receiver)**

THIS APPLICATION, made by the Applicant for an Order pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”), and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”), appointing Richter Inc. (“**Richter**”) as interim receiver (in such capacity, the “**Interim Receiver**”), without security, of all the assets, undertakings and properties of each of Buchh Holding Inc., 2371561 Ontario Inc., Britman Specialty Products Inc., Rotalec International Inc. and Rotalec Canada Inc. (collectively,

the “**Debtors**”) acquired for, or used in relation to a business carried on by the Debtors and all proceeds thereof was heard this day by judicial videoconference via Zoom.

ON READING the affidavit of Amanda Bezner sworn July 18, 2024 and the exhibits thereto, the consent of Richter to act as Interim Receiver, and on hearing the submissions of counsel for the Applicant and such other counsel as were present, no one appearing for any other stakeholder although duly served as appears from the affidavit of service,

APPOINTMENT

1. **THIS COURT ORDERS** that pursuant to subsections 47(1) of the BIA and section 101 of the CJA, Richter is hereby appointed Interim Receiver, without security, of all the assets, undertakings and properties of each of the Debtors acquired for, or used in relation to, a business carried on by the Debtors, including all proceeds thereof (the “**Property**”) for the purpose of and to the extent authorized by this Order until the earlier of:

- (a) the taking of possession of the Property by a receiver, within the meaning of subsection 243(2) of the BIA;
- (b) the taking of possession of the Property by a trustee in bankruptcy; or
- (c) August 16, 2024.

INTERIM RECEIVER’S POWERS

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

- (a) to monitor and have access to the Debtors’ receipts and disbursements in any accounts at any financial institution (collectively, the “**Accounts**”), including, but not limited to, viewing access to all online banking relating to the Accounts;

- (b) to investigate and monitor the Debtors' affairs and Property, including, but not limited to, the Accounts;
- (c) to review and have access to any and all financial information pertaining to the Debtors and the Property, including bank statements, financial records and accounts at any financial institution, and data available through any accounting system or software;
- (d) to demand access to additional documents as the Interim Receiver sees fit;
- (e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Interim Receiver's powers and duties, including, without limitation, those conferred by this Order;
- (f) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate on all matters, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable;
- (g) to conduct examinations under oath of any Person concerning the management of known assets of the Debtors and the existence of any other assets; and
- (h) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

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

3. **THIS COURT ORDERS** that the Debtors shall continue to maintain, manage, operate and carry on their business in the ordinary course.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE INTERIM RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf, (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order, and (iv) anyone acting on the instructions of anyone listed in this paragraph (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Interim Receiver of the existence of any Property in such Person’s possession or control.
5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Interim Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall provide to the Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided, however, that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.
6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Interim Receiver for the purpose of allowing the Interim Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such

assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE INTERIM RECEIVER

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

NO EXERCISE OF RIGHTS OR REMEDIES

8. **THIS COURT ORDERS** that all rights and remedies against the Interim Receiver, or affecting the Accounts, are hereby stayed and suspended except with the written consent of the Interim Receiver or leave of this Court.

EMPLOYEES

9. **THIS COURT ORDERS** that all employees of the Debtors shall remain the employees of the Debtors. The Interim Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Interim Receiver may specifically agree in writing to pay.

LIMITATION ON THE INTERIM RECEIVER’S LIABILITY

10. **THIS COURT ORDERS** that the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

INTERIM RECEIVER'S ACCOUNTS

11. **THIS COURT ORDERS** that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the “**Interim Receiver’s Charge**”) on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Interim Receiver’s Charge shall form a first charge on the Accounts in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
12. **THIS COURT ORDERS** that the Interim Receiver and its legal counsel shall pass its accounts from time to time, and, for this purpose, the accounts of the Interim Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

SERVICE AND NOTICE

13. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein, and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/regional-practice-directions/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 of the Rules of Civil Procedure (the “**Rules**”), this Order shall constitute an order for substituted service pursuant to Rule 16.04. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol.
14. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Interim Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile

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

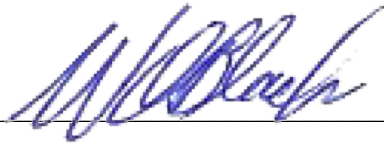
GENERAL

15. **THIS COURT ORDERS** that the Interim Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
16. **THIS COURT ORDERS** that nothing in this Order shall prevent the Interim Receiver from acting as a receiver or trustee in bankruptcy of the Debtors.
17. **THIS COURT ORDERS** that the Interim Receiver shall not be, or be deemed to be, a receiver within the meaning of subsection 243(2) of the BIA.
18. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.
19. **THIS COURT ORDERS** that the Interim Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Interim Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
20. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security

or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Interim Receiver from the proceeds from the Accounts with such priority and at such time as this Court may determine.

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

22. **THIS COURT ORDERS** that this Order is effective as of 12:01 a.m. from the date it is made and is enforceable without the need for entry or filing.



THE TORONTO-DOMINION BANK

- and -

**BUCHH HOLDING INC., 2371561 ONTARIO INC.,
BRITMAN SPECIALTY PRODUCTS INC., ROTALEC
INTERNATIONAL INC. and ROTALEC CANADA INC.**

Applicant

Respondents

Court File No. CV-24-723986-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at Toronto

ORDER
(Appointing Interim Receiver)

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Lawyers for The Toronto-Dominion Bank

APPENDIX B



SUPERIOR COURT OF JUSTICE

COUNSEL SLIP/ ENDORSEMENT FORM

COURT FILE NO.: CV-24-723986-00CL DATE: July 19, 2024

NO. ON LIST: Added Matter

TITLE OF PROCEEDING: THE TORONTO-DOMINION BANK v. BUCHH HOLDING INC. et al

BEFORE JUSTICE: JUSTICE W.D. BLACK

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
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For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info
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For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
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Lyne Gaulin	BDC Capital Inc.	Lyne.Gaulin@bdc.ca

ENDORSEMENT OF JUSTICE W.D. BLACK:

- [1] The Toronto Dominion Bank (“TD”), moves for an order appointing Richter Inc. (“Richter”) as interim receiver (in such capacity, “Interim Receiver”), without security, of the assets, undertakings and properties acquired for, or used in relation to, the business carried out by each of the respondents (collectively, the “Debtors”), including all proceeds thereof (collectively, the “Property”).
- [2] The Debtors operate multiple businesses, primarily involving the design and distribution of industrial automation products and robotics.
- [3] The Debtors are indebted to TD with respect to certain credit facilities. Each of the Debtors has provided security in favour of TD, including general security agreements.
- [4] The Debtors defaulted under the credit agreement with respect to, among other things, failing to maintain a monthly borrowing base relative to the credit facilities.
- [5] As a result, TD engaged Richter to act as a consultant to review aspects of the Debtors’ financial circumstances, based on available books and records.
- [6] In this capacity, Richter identified concerning errors in the Debtors’ business records, including substantial overstatements of accounts receivable and inventory, and understatement of payables.
- [7] Management of the Debtors was made aware of the concerning findings, and has not disputed them.
- [8] In the circumstances, TD made formal written demand on the Debtors on July 4, 2024, for payment of amounts owing under the credit agreement, and provided a notice of intention to enforce its security (the “BIA Notice”), under subsection 244(1) of the BIA.
- [9] The 10-day period set out in the BIA Notice expired on July 15, 2024, and the indebtedness has not been repaid.
- [10] In addition, within the last two weeks, the Debtors have taken a number of steps outside the ordinary course of business including terminating employees, halting rent payments, and pushing customers for collection of accounts receivable. TD is concerned that there is significant risk to its collateral.
- [11] TD will be moving to appoint a receiver, and a date for that application has now been confirmed for August 15, 2024 at 11:00 a.m. (for one hour).
- [12] In the meantime, by way of today’s hearing, TD seeks to upgrade Richter from consultant to Interim Receiver immediately, to allow Richter to undertake more robust monitoring of the Debtors’ activities so as to avoid further deterioration of TD’s collateral.
- [13] I find that the proposed appointment of Richter as Interim Receiver is just and convenient, and necessary for the protection of TD’s interests. While evidence of dissipation of assets is not a precondition to this order, I do find that there is concerning evidence of material misrepresentations by the Debtors, breaches of the loan agreements, and defaults thereunder. The appointment of the Interim Receiver is appropriate here to safeguard the Property on a temporary basis, pending the full-blown receivership application.

[14] In the circumstances, I am granting the order sought by TD, and attach a signed copy of the order to this endorsement.



W.D. BLACK J.

DATE: JULY 19, 2024