UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 15
Comsale Group Inc., *et al.*,[1]	Case No. 19-13625 (JLG)
Debtors in a Foreign Proceeding.	Jointly Administered

NOTICE OF MOTION

PLEASE TAKE NOTICE that on November 13, 2019, Grant Thornton Limited, solely in its capacity as court-appointed receiver and manager and not in its personal or corporate capacity (the "Receiver") and authorized foreign representative (the "Foreign Representative") of Comsale Group Inc. ("CGI"), Comsale Computer Inc. ("CCI" or the "Borrower") and Comsale Inc. ("CI" and together with CGI and CCI, the "Debtors"),[2] filed the *Chapter 15 Petition for Recognition of a Foreign Proceeding* and the *Verified Petition Under Chapter 15 for Recognition of a Foreign Main Proceeding and Related Relief* (together, the "Petition") for each of the Debtors pursuant to chapter 15 of title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York (the "Court").

PLEASE TAKE FURTHER NOTICE THAT on December 16, 2019, the Court entered an order recognizing the Canadian Proceeding as a foreign main proceeding.

PLEASE TAKE FURTHER NOTICE THAT on January 7, 2020, the Foreign Representative filed the *Motion of Foreign Representative for Entry of an Order (I) Approving the Sale Procedures and the Sale Notice, (II) Authorizing the Sale of Substantially All of the Debtors' Assets Free and Clear of Any Liens, Claims, Encumbrances and Other Interests, (III) Recognizing and Enforcing the Canadian Sale Procedures Order and (IV) Granting Related Relief* (the "Motion").

PLEASE TAKE FURTHER NOTICE that responses or objections to the Motion must be filed electronically with the Court by registered users of the Court's electronic case filing system in accordance with General Order M-399 and the Court's Procedures for the Filing, Signing and Verification of Documents by Electronic Means (copies of each of which may be viewed on the Court's website at http://www.nysb.uscourts.gov). Two single-sided hard copies of any response or objection shall be sent to the Chambers of the Honorable James L. Garrity, United States

[1] The Debtors in these chapter 15 cases, along with the last four digits of each Debtor's U.S. Federal Tax Identification Number or other unique identifier are: Comsale Group Inc. (7355) (Ontario Corporation Number); Comsale Computer Inc. (7508) (Ontario Corporation Number); and Comsale Inc. (0354) (FEIN). The Receiver and Foreign Representative is Grant Thornton Limited, located at 200 King St. W. 11th Floor, Toronto, Ontario, Canada M5H 3T4.

[2] Each of the Debtors was placed in a receivership on November 5, 2019 by order (the "Receivership Order") of the Superior Court of Justice (Commercial List) in Ontario, Canada (the "Canadian Court"), Court File No.: CV-19-630501-00CL (the "Canadian Proceeding").

Bankruptcy Judge, One Bowling Green, New York, New York 10004-1408 and served upon counsel for the Foreign Representative, Linklaters LLP, 1345 Avenue of the Americas, New York, New York 10105 (Attention: Robert H. Trust, Esq., Penelope J. Jensen, Esq. and Christopher J. Hunker, Esq.) and Thornton Grout Finnigan LLP, 100 Wellington St. West, Suite 3200, Canada Pacific Tower, Toronto (Ontario), Canada M5K 1K7 (Attention: D.J. Miller and Rachel Bengino) (collectively, the "Objection Notice Parties"), so as to be **actually received on or before January 21, 2020 at 5:00 p.m. (Eastern Time)** (the "Objection Deadline").

PLEASE TAKE FURTHER NOTICE that a hearing to consider the Motion will be held before the Honorable James L. Garrity, Jr., United States Bankruptcy Judge for the Southern District of New York, on **January 28, 2020 at 10:00 a.m. (Eastern Time)** at the United States Bankruptcy Court, Courtroom 601, One Bowling Green, New York, New York 10004 or as soon thereafter as counsel may be heard.

PLEASE TAKE FURTHER NOTICE that unless a written objection to the Motion, with proof of service, is timely filed and served by the Objection Deadline, the Court may enter an order granting the relief requested in the Motion without further notice or a hearing.

Dated: January 7, 2020
New York, New York

Respectfully submitted,

/s/ Robert H. Trust

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 15
Comsale Group Inc., *et al.*,[1]	Case No. 19-13625 (JLG)
Debtors in a Foreign Proceeding.	Jointly Administered

MOTION OF FOREIGN REPRESENTATIVE FOR ENTRY OF AN ORDER (I) APPROVING THE SALE PROCEDURES AND THE SALE NOTICE, (II) AUTHORIZING THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF ANY LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS, (III) RECOGNIZING AND ENFORCING THE CANADIAN SALE PROCEDURES ORDER, AND (IV) GRANTING RELATED RELIEF

Grant Thornton Limited, solely in its capacity as court-appointed receiver and manager and not in its personal or corporate capacity (the "Receiver") and authorized foreign representative (the "Foreign Representative") of Comsale Group Inc. ("CGI"), Comsale Computer Inc. ("CCI") and Comsale Inc. ("CI," and together with CGI and CCI, the "Debtors"), each of which was placed in a receivership on November 5, 2019 by order (the "Receivership Order") of the Superior Court of

[1] The Debtors in these chapter 15 cases, along with the last four digits of each Debtor's U.S. Federal Tax Identification Number or other unique identifier are: Comsale Group Inc. (7355) (Ontario Corporation Number); Comsale Computer Inc. (7508) (Ontario Corporation Number); and Comsale Inc. (0354) (FEIN). The Receiver and Foreign Representative is Grant Thornton Limited, located at 200 King St. W. 11th Floor, Toronto, Ontario, Canada M5H 3T4.

Justice (Commercial List) in Ontario, Canada (the "Canadian Court"), Court File No.: CV-19-630501-00CL (the "Canadian Proceeding"), hereby submits this motion (the "Motion"), pursuant to sections 105(a), 363, 1501, 1507, 1514, 1520 and 1521 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Local Bankruptcy Rule 6004-1 for the Southern District of New York (the "Local Rule") for entry of an order substantially in the form attached hereto as **Exhibit A** (the "Sale Procedures Order") (i) approving (a) procedures (the "Sale Procedures") for the sale of substantially all of the Debtors' assets (the "Sale") that are within the territorial jurisdiction of the United States and (b) the form and manner of notice of the Sale attached as **Exhibit 1** to the Sale Procedures Order (the "Sale Notice"), (ii) authorizing the Sale of substantially all of the Debtors' assets free and clear of liens, claims, encumbrances and other interests, (iii) recognizing and enforcing in the United States the order of the Canadian Court attached hereto as **Exhibit B** (the "Canadian Sale Procedures Order") and (iv) granting related relief.

BACKGROUND

1. On November 13, 2019, the Debtors filed petitions under chapter 15 for recognition of the Canadian Proceeding as a foreign main proceeding and related relief.

2. On November 15, 2019, the Court entered an order granting provisional relief pursuant to sections 105(a) and 1519 of the Bankruptcy Code.

3. On December 11, 2019, this Court conducted a hearing (the "Recognition Hearing") and granted chapter 15 recognition of the Canadian Proceeding as a foreign main proceeding and related relief. On December 16, 2019, the Court entered the recognition order (the "Recognition Order"). Upon recognition of the Canadian Proceeding, section 363 applies to the

sale or transfer of any interest of the Debtors in property that is within the territorial jurisdiction of the United States. *See* 11 U.S.C. § 1520.

JURISDICTION AND VENUE

4. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference to Bankruptcy Judges of the District Court for the Southern District of New York, dated January 31, 2012 (Preska, C.J.). This matter is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(N) and (P).

5. Venue is proper in this District pursuant to 28 U.S.C. § 1410(1) and (3).

6. The statutory bases for relief are sections 105(a), 363, 1501, 1507, 1514, 1520 and 1521 of the Bankruptcy Code.

RELIEF REQUESTED

7. The Foreign Representative has developed the proposed Sale Procedures to govern the sale of substantially all of the Debtors' assets, including inventory, machinery, equipment, furniture, fixtures, motor vehicles and leasehold improvements (the "Available Assets"),[2] located in the United States, Canada and Malaysia. The majority of the Available Assets constitute inventory owned by CCI that, as of August 31, 2019, had a book value of CAD $23,727,145, of which approximately $7,184,605 was attributable to CCI's inventory located in the United States. The remaining Available Assets constitute fixed assets that, as of August 31, 2019, had a book value of less than CAD $1 million.

8. Pursuant to an Order dated December 20, 2019, the Canadian Court approved the Sale Procedures and authorized the Foreign Representative to commence the Sale process pursuant

[2] The Foreign Representative currently does not intend to sell trade receivables or any electronic devices, servers, storage devices or similar items used by the Debtors to maintain their books and records.

to the Canadian Sale Procedures Order. The Foreign Representative now seeks this Court's (i) approval of the Sale Procedures to the extent the Available Assets being sold are located in the United States and (ii) recognition and enforcement of the Canadian Sale Procedures Order. HSBC Bank Canada ("HSBC"), the Debtors' largest secured creditor in the Canadian Proceeding, supports approval of the Sale Procedures.

THE PROPOSED SALE PROCEDURES

9. Consistent with the Sale Procedures governing the Sale of the Debtors' assets located outside the United States, the Foreign Representative proposes the following Sale Procedures to govern the sale of substantially all of the Debtors' assets located in the United States:

a. **Solicitation Materials**. The Foreign Representative will prepare (i) a form of solicitation letter summarizing the Sale Procedures and soliciting parties to express interest in the Available Assets (the "Solicitation Letter"); (ii) a form of non-disclosure agreement (the "NDA") to be executed to access the Data Room (defined below) and (iii) a form of offer and asset purchase agreement (the "APA," together with the NDA and the Solicitation Letter, the "Solicitation Materials"). The Foreign Representative will serve a copy of the Solicitation Letter on (a) the United States Trustee; (b) any party known to have asserted a lien on the Available Assets, including HSBC; (c) any Potential Purchasers (defined below) and (d) any party that has filed a notice of appearance in these chapter 15 cases.

b. **Data Room**. The Foreign Representative will establish a data room (the "Data Room") that will contain the following information (to the extent available from the Debtors' books and records): detailed asset listings, virtual tour videos of the warehouses and Available Assets as filmed by capable third parties, photographs of the Available Assets, detailed expenses related to the rent and utilities for each warehouse, lease agreements (if any), form of APA, and any other information relevant to the sale of the Available Assets. Access to the Data Room will be available to Potential Purchasers upon execution of an NDA acceptable to the Foreign Representative.

c. **Identification of Potential Purchasers**. The Foreign Representative will identify and prepare a list of Potential Purchasers for the Available Assets (the "Potential Purchasers").

d. **Marketing of the Available Assets**. In addition to sending the Solicitation Materials to Potential Purchasers, the Foreign Representative will advertise the sale of the Available Assets in newspapers or periodicals of general circulation in

Ontario, Canada; Reno, Nevada; Memphis, Tennessee; New York, New York; and Kuala Lumpur, Malaysia, as applicable in its discretion. The Foreign Representative will also permit Potential Purchasers to inspect the Available Assets at times and places to be determined by the Foreign Representative and respond to additional reasonable diligence requests.

e. **Bid Deadline**. All bids for the Available Assets must be received by the Foreign Representative by the deadline set forth in the Solicitation Materials, unless extended by the Foreign Representative.

f. **Superior Bid**. The Foreign Representative will review all offers submitted and discuss those bids with the applicable Potential Purchaser and consult with HSBC and other creditors known to have asserted a lien on the Available Assets, if applicable. If there is more than one acceptable offer, the Foreign Representative will determine the offer that, in the Foreign Representative's view, is superior (the "Superior Offer") by considering, among other things:

(i) the total value offered;

(ii) the terms and conditions of the offer; and

(iii) the Foreign Representative's opinion of the likelihood of successfully completing the transaction contemplated by the offer.

The Foreign Representative will (i) inform the offeror of the Superior Offer that its offer has been selected as the Superior Offer; (ii) negotiate and execute an APA with the offeror of the Superior Offer and (iii) subject to Court approval, close the transaction.

g. **Sale Notice**. Once the Foreign Representative has successfully entered into one or more sale agreements with one or more purchasers, no less than seven (7) days before the Objection Deadline (defined below) for the applicable Sale of Available Assets, the Foreign Representative will serve a copy of the applicable Sale Notice on (a) the United States Trustee; (b) any party known to have asserted a lien on the Available Assets, including HSBC and (c) any party that has filed a notice of appearance in these chapter 15 cases (collectively, the "Sale Notice Parties"). The Sale Notice will provide the following information for the applicable Sale of Available Assets: (a) identification of the Available Assets being sold; (b) identification of the purchaser; (c) the purchase price and terms of payment to be paid by the purchaser; (d) a copy of the APA evidencing the Sale (or a summary of the material terms of the APA); (e) the material terms of any marketing or sales process undertaken with respect to the applicable Available Assets; (f) a statement regarding any party known to have asserted a lien on the applicable Available Assets and (g) the Objection Deadline for the applicable Sale.

h. **Proposed Sale Order**. The Foreign Representative will attach to the applicable Sale Notice a proposed form of sale order (the "Sale Order") for the Sale of the applicable Available Assets.

i. **Foreign Representative Declaration**. The Foreign Representative will attach to the applicable Sale Notice a declaration in support of the Sale containing statements sufficient for the Court to find that: (i) the Sale constitutes a prudent exercise of the Foreign Representative's business judgment; (ii) the Sale may be consummated free and clear of all liens, claims, encumbrances and other interests under section 363(f) of the Bankruptcy Code and (iii) the purchaser is a good faith purchaser entitled to the protections of section 363(m) of the Bankruptcy Code.

j. **Objection Deadline**. Objections, if any, to a Sale must be filed with this Court and served on: (i) the Foreign Representative and its counsel; (ii) the United States Trustee; (iii) any party known to have asserted a lien on the Available Assets, including HSBC and (iv) any party that has filed a notice of appearance in these chapter 15 cases so as to be **actually received** on or before the date that is seven (7) calendar days following the date that the applicable Sale Notice is served on the Sale Notice Parties (the "Objection Deadline"). If no written objection is filed with the Court and served in accordance with this paragraph on or before the Objection Deadline, the Sale Order may be entered by the Court without further notice or a hearing.

k. **Sale Hearing**. In the event an objection to a Sale is filed and served in accordance with paragraph (j) by the Objection Deadline, a hearing to consider the applicable Sale (the "Sale Hearing") will be held at a date and time established by the Court.

l. **As is, Where Is**. The Sale of the Available Assets pursuant to these Sale Procedures shall be on an "as is, where is" basis and without representations or warranties of any kind or nature by the Foreign Representative, its agents and advisors, unless otherwise provided in any APA.

10. Pursuant to the Sale Guidelines, the Foreign Representative is required to highlight any "extraordinary provisions." The only extraordinary provision applicable in this case is as follows: the proceeds from the Sale will be used to pay the fees and costs of the Foreign Representative and its counsel, costs of the receivership proceedings and the Sale and to make distributions to creditors in accordance with Canadian law.

BASIS FOR RELIEF

A. The Sale Procedures Should be Approved

i. The Sale Procedures are Fair, Reasonable, Appropriate and in the Best Interests of the Debtors and Their Creditors

11. It is well-established that a sale of property of a debtor's estate should maximize value for the benefit of the estate. *See e.g., Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.),* 147 B.R. 650, 659 (S.D.N.Y. 1992), *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993) ("It is a well-established principle of bankruptcy law that the . . . [debtors'] duty with respect to such sales is to obtain the highest price or greatest overall benefit possible for the estate."). To obtain approval for a proposed sale of assets, a debtor must demonstrate that the "proffered purchase price is the highest and best offer" under the circumstances. *See In re Integrated Res., Inc.*, 135 B.R. 746, 750 (Bankr. S.D.N.Y. 1992), *aff'd*, 147 B.R. 650 (S.D.N.Y. 1992).

12. In the interest of maximizing value of a debtor's estate, courts generally evaluate proposed sale procedures to determine whether the procedures are designed to enhance competitive bidding. Courts frequently approve sale procedures that are competitive and designed to generate the highest recovery for a debtor's estate. *See e.g. In re Fin. News Network, Inc.*, 126 B.R. 152, 156 (Bankr. S.D.N.Y. 1991). In determining whether to approve sale procedures, courts balance considerations between:

> on the one hand, providing for an orderly bidding process, recognizing the danger that absent such a fixed and fair process bidders may decline to participate in the auction; and, on the other hand, retaining the liberty to respond to differing circumstances so as to obtain the greatest return for the bankrupt estate.

In re Fin. News Network, Inc., 980 F.2d 165, 166 (2d. Cir. 1992). Courts have "broad discretionary power in conducting the sale of a debtor's assets . . . ." *Id.* at 170.

13. The Sale Procedures described above are designed to maximize the value of the Available Assets by establishing a framework for a robust sale process, including preparing the Available Assets for sale, establishing a Data Room with all available information related to the Available Assets, identifying Potential Purchasers and marketing the Available Assets in the locations in which those assets are located. This marketing process will target a range of Potential Purchasers that may be interested in purchasing the Available Assets, including the Debtors' customers and competitors. The Sale Procedures provide all interested parties a full and fair opportunity to conduct due diligence, including by providing them access to the Data Room, the opportunity to inspect the Available Assets and submit the highest and best offer to purchase some or all of the Available Assets. Accordingly, the Foreign Representative submits that the Sale Procedures should be approved by the Court because they are designed to maximize the value of the Sale of the Available Assets.

ii. The Sale Notice Should be Approved

14. Bankruptcy Rules 2002 and 6004 and Local Rule 6004-1 require the Foreign Representative to provide notice of any proposed sale of assets, including the terms and conditions of such sale and the deadline for objections. The Foreign Representative submits that the notice of the Sale of Available Assets in accordance with the Sale Procedures, including the form and manner of service of the Sale Notice and the other notice procedures set forth herein, are reasonably designed to: (a) provide good and sufficient notice of the Sale Procedures and applicable deadlines thereunder, the proposed Sale of Available Assets pursuant to the Sale Notice (including a description of the Available Assets being sold and the material terms of the Sale) and the related Objection Deadline and (b) enable interested parties to participate in the sale process with respect to the Sale of Available Assets. Therefore, the Foreign Representative submits that

the Sale Procedures satisfy the requirements of the Bankruptcy Rules and the Local Rules and respectfully requests that the Court approve the Sale Procedures.

B. The Sale of Available Assets is a Proper Exercise of the Foreign Representative's Business Judgment

15. Section 363(b)(1) of the Bankruptcy Code provides, in relevant part, that "the trustee, after notice and a hearing, may use, sell or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Courts have discretion to approve a sale of a debtor's property outside the ordinary course of business if the debtor can demonstrate a sound business justification for the proposed sale. *In re Iridium Operating LLC*, 478 F.3d 452, 466 (2d Cir. 2007) ("In this Circuit, the sale of an asset of the estates under § 363(b) is permissible if the 'judge determining [the] § 363(b) application expressly find[s] from the evidence presented before [him or her] at the hearing [that there is] a good business reason to grant such application."); *In re Lionel Corp.*, 722 F.2d 1063, 1070 (2d Cir. 1983) (requiring "some articulated business justification" to approve the use, sale or lease of property outside the ordinary course of business).

16. The Foreign Representative has determined in the exercise of its business judgment that selling the Available Assets pursuant to the Sale Procedures is in the best interests of the Debtors and their creditors. The Foreign Representative believes that the Sale Procedures will provide for a robust sales process that will ensure not only that fair and reasonable value for the Available Assets will be received, but that the purchase price will be the highest and best. As noted above, once the Foreign Representative selects the Superior Offer and executes an APA for the Sale of the applicable Available Assets, the Foreign Representative intends to submit a declaration that will provide further evidence that the Sale to the purchaser that submitted the Superior Offer constitutes a prudent exercise of the Foreign Representative's business judgment. Accordingly, the Foreign Representative respectfully submits that the Court should approve any

Sale conducted pursuant to the Sale Procedures following the Court's review of the Foreign Representative's declaration submitted in connection with such Sale or Sales.

C. The Sale of Available Assets Should be Free and Clear of Claims and Interests

17. Pursuant to section 363(f) of the Bankruptcy Code,[3] a trustee may sell property under section 363(b) of the Bankruptcy Code free and clear of liens, claims and encumbrances, with such liens, claims and encumbrances to attach to the sale proceeds. *See* 11 U.S.C. § 363(f). That section, in relevant part provides:

> The trustee may sell property under subsection (b) or (c) of this section free and clean of any interest in such property of an entity other than the estate, only if –
>
> (1) applicable nonbankruptcy law permits sale of such property free and clear of such interests;
>
> (2) such entity consents;
>
> (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
>
> (4) such interest is in bona fide dispute; or
>
> (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

18. The Foreign Representative believes that one or more of the standards set forth in sections 363(f)(1)-(5) of the Bankruptcy Code will apply to each creditor or to each claim against the Available Assets asserted by each creditor. All parties in interest will be given a sufficient

[3] Under Section 1520(a)(2) of the Bankruptcy Code, upon recognition of a foreign main proceeding, section 363 applies "to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States . . . ." 11 U.S.C. § 1520(a)(2). Moreover, under section 1520(a)(3), "the foreign representative may operate the debtor's business and may exercise the rights and powers of a trustee under and to the extent provided by section[] 363 . . . ." 11 U.S.C. § 1520(a)(3); *see also In re Fairfield Sentry Ltd.*, 768 F.3d 239, 244 (2d Cir. 2014).

opportunity to object to the relief requested by the Foreign Representative, and any entity that does not object to a Sale should be deemed to have consented. *See FutureSource LLC v. Reuters Ltd.*, 312 F.3d 281, 285-86 (7th Cir. 2002) ("It is true that the Bankruptcy Code limits the conditions under which an interest can be extinguished by a bankruptcy sale, but one of those conditions is the consent of the interest holder, and lack of objection (provided of course there is notice) counts as consent. It could not be otherwise; transaction costs would be prohibitive if everyone who might have an interest in the bankrupt's assets had to execute a formal consent before they could be sold.") (internal citations omitted); *Hargrave v. Township of Pemberton (In re Tabone, Inc.)*, 175 B.R. 855, 858 (Bankr. D.N.J. 1994) (failure to object to sale free and clear of liens, claims and encumbrances satisfies section 363(f)(2)); *Citicorp Homeowners Serv., Inc. v. Elliot (In re Elliot)*, 94 B.R. 343, 345 (E.D. Pa. 1988) (same). Courts in this district have applied the same principle. *See In re Enron Corp.*, 2004 WL 5361245 at *2 (Bankr. S.D.N.Y. 2004); *In re Enron Corp.*, 2003 WL 21755006 at *2 (Bankr. S.D.N.Y. 2003) (order deeming all parties who did not object to proposed sale to have consented under section 363(f)(2)).

19. The Foreign Representative also believes that section 363(f)(5) will be satisfied because (i) any entity holding a lien on the applicable Available Assets could be compelled to accept a money satisfaction of its lien and (ii) the lien on the applicable Available Assets will attach to the sale proceeds, subject to any rights or defenses of the Debtors or any party-in-interest. The Foreign Representative submits that section 363(f)(5) will be satisfied because the holders of such liens will be sufficiently protected by the availability of such proceeds of the sale to satisfy their liens.

20. As noted above, the Foreign Representative's declaration in support of any Sale will contain additional evidentiary support for the Sale of such Available Assets free and clear of

all liens, claims and encumbrances. Accordingly, the Foreign Representative submits that sufficient cause exists to approve the Sale of the Available Assets free and clear of all liens, claims and encumbrances.

D. The Court Should Afford Purchasers All Protections under Sections 363(m) of the Bankruptcy Code

21. Section 363(m) of the Bankruptcy Code provides that "[t]he reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith[.]" 11 U.S.C. § 363(m). While good faith is not specifically defined in the Bankruptcy Code, the Second Circuit has stated that:

> [g]ood faith of a purchaser is shown by the integrity of his conduct during the course of the sale proceedings . . . A purchaser's good faith is lost by fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.

In re Gucci, 126 F.3d 380, 390 (2d Cir. 1997) (internal quotations omitted).

22. Here, the Foreign Representative expects that a purchaser or purchasers of the Available Assets will satisfy the requirements of section 363(m) of the Bankruptcy Code. The Foreign Representative's declaration in support of the Sale will contain information relevant to the Court's evaluation of whether the purchaser is a "good faith" purchaser within the meaning of section 363(m) of the Bankruptcy Code and entitled to the protections thereof. Parties in interest will have the opportunity to review the declaration and all materials filed in connection with the Sale of Available Assets. The Foreign Representative expects that any APAs between the Foreign Representative and the purchaser or purchasers will be the result of arms'-length, good faith negotiations between the Foreign Representative and the purchaser. Accordingly, the Foreign

Representative will request that the Court find that any purchaser of Available Assets is entitled to the protections of section 363(m) of the Bankruptcy Code.

E. The Court Should Recognize and Enforce the Canadian Sale Procedures Order

23. Upon recognition of a foreign proceeding, section 1521(a) authorizes the Court to grant "any appropriate relief" at the request of the foreign representative "where necessary to effectuate the purpose of [chapter 15] and to protect the assets of the debtor or the interests of the creditors[,]" including any relief that may be available to a trustee or debtor in possession, subject to certain exceptions that do not apply here. 11 U.S.C. § 1521(a); *In re Daebo Int'l Shipping Co., Ltd*., 543 B.R. 47, 52–53 (Bankr. S.D.N.Y. 2015); *Hosking v. TPG Capital Mgmt. (In re Hellas Telecomms. (Lux.) II SCA)*, 535 B.R. 543, 586 (Bankr. S.D.N.Y. 2015) ("a foreign representative may obtain relief available to a trustee under the Bankruptcy Code . . . ."); *see also In re ABC Learning Centres Ltd*., 728 F.3d 301, 306 (3d Cir. 2013) ("Foreign Representatives can access U.S. courts to request enforcement of orders of the foreign proceeding and to stay actions against foreign debtors' property in the United States."). The Court may also grant relief pursuant to section 1507, which authorizes the Court to provide "additional assistance" to a foreign representative under the Bankruptcy Code or other U.S. law at any time after recognition. *See* 11 U.S.C. § 1507(a).[4]

24. In addition, Chapter 15 of the Bankruptcy Code empowers "courts with broad, flexible rules to fashion relief that is appropriate to effectuate the objectives of the chapter in accordance with comity." *In re Rede Energia S.A.*, 515 B.R. 69, 91 (Bankr. S.D.N.Y. 2014) (*citing In re Bear Stearns High Grade Structured Credit Strategies Master Fund, Ltd.*, 389 B.R. 325, 333

[4] The relief requested herein is also consistent with section 1525(a) of the Bankruptcy Code, which provides that "[c]onsistent with section 1501, the court shall cooperate to the maximum extent possible with a foreign court or a foreign representative, either directly or through the trustee." 11 U.S.C. § 1525(a).

34 (S.D.N.Y. 2008)); *In re SPhinX, Ltd*., 351 B.R. 103, 112 (Bankr. S.D.N.Y. 2006) ("chapter 15 maintains—and in some respects enhances—the 'maximum flexibility' . . . that section 304 provided bankruptcy courts in handling ancillary cases in light of principles of international comity and respect for the laws and judgments of other nations.") (internal citations omitted). Courts are "guided by the principles of comity and cooperation with foreign courts in deciding whether to grant the foreign representative additional post-recognition relief." *In re Metcalfe & Mansfield Alternative Investments*, 421 B.R. 685, 696 (Bankr. S.D.N.Y.2010) (*citing In re Atlas Shipping* A/S, 404 B.R. 726, 738 (Bankr. S.D.N.Y. 2009)); *see also CT Inv. Mgmt v. Cozumel Caribe (In re Cozumel Caribe S.A. de C.V.)*, 482 B.R. 96, 113 (Bankr. S.D.N.Y. 2012) (noting that comity is a "central tenet" in chapter 15 proceedings); 11 U.S.C. § 1501 (stating that the purpose of chapter 15 is to provide mechanisms for cooperation and comity between courts dealing with cross-border insolvency cases). As this Court has explained:

> While recognition of the foreign proceeding turns on the objective criteria under § 1517, relief [post-recognition] is largely discretionary and turns on subjective factors that embody principles of comity. Once a case is recognized as a foreign main proceeding, chapter 15 specifically contemplates that the court will exercise its discretion consistent with principles of comity.

In re Sino Forest Corp., 501 B.R. 655, 664 (Bankr. S.D.N.Y. 2013) (internal citations and quotations omitted). Here, the Court should exercise its discretion pursuant to sections 105(a), 1507 and 1521 of the Bankruptcy Code, consistent with the principles of comity, to recognize and enforce the Canadian Sale Procedures Order.

25. Recognition and enforcement of the Canadian Sale Procedures Order is critical to achieving the anticipated results of the Sale, as it will permit the Foreign Representative to sell the Available Assets across jurisdictions without disruption and provide further certainty to the Potential Purchasers. Absent the relief requested herein, the Debtors will likely suffer substantial

harm from the inability to sell the Available Assets in a manner that will allow the Foreign Representative to maximize recoveries for all creditors.

26. Courts routinely grant relief similar to the relief requested in this Motion. *See, e.g.*, *Xchange Technology Group LLC,* Case No. 13-12809 (KG) (Bankr. D. Del. Nov. 25, 2013) (recognizing and enforcing sale order entered by Canadian court and separately authorizing and approving sale free and clear of any and all liens, claims, encumbrances and other interests under section 363 of the Bankruptcy Code); *Arctic Glacier International Inc*., Case No. 12-10605 (KG) (Bankr. D. Del. July 17, 2012) (same); *In re EarthRenew IP Holdings LLC,* Case No. 10-13363 (CSS) (Bankr. D. Del. Feb. 18, 2011) (same).

27. Accordingly, the Foreign Representative respectfully submits that the Court should recognize and enforce the Canadian Sale Procedures Order and authorize the Sale pursuant to section 363 of the Bankruptcy Code.

WAIVER OF BANKRUPTCY RULE 6004(h)

28. Bankruptcy Rule 6004(h) provides that an "order authorizing the use, sale, or lease of property . . . is stayed until the expiration of fourteen days after the entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). In order to implement the Sale Procedures and the Sale of Available Assets contemplated thereby as efficiently and quickly as possible, the Foreign Representative requests that the Sale Procedures Order and any subsequent sale order authorizing the Sale of Available Assets, if applicable, be effective immediately upon entry by providing that the fourteen-day stay under Bankruptcy Rule 6004(h) is waived. A waiver of the fourteen-day stay requirement will eliminate the ongoing costs and expenses of maintaining the Debtors' Available Assets and enable the Sales of those assets to close expeditiously, thereby maximizing the value of the Available Assets. Accordingly, the Foreign Representative

respectfully requests that the Court waive the fourteen-day stay period under Bankruptcy Rule 6004(h).

NOTICE

29. Notice of this Motion (including all exhibits hereto) will be served on the (i) the United States Trustee for the Southern District of New York; (ii) the Debtors; (iii) Comsale Malaysia Sdn. Bhd.; (iv) Comsale Hong Kong Limited; (v) Neil Shaul and Wenqiang Feng, shareholders of CGI and CCI; (vi) all persons or bodies authorized to administer foreign proceedings of the Debtors, including the Canadian Proceeding; (vii) all known contract and lease counterparties of the Debtors in the United States; (viii) any party known to have asserted a lien on the Available Assets, including HSBC; (ix) all affected federal, state and local regulatory and taxing authorities, including the Internal Revenue Service; and (x) all parties that have filed a notice of appearance in these chapter 15 cases. The Foreign Representative submits that, in light of the relief requested, no other or further notice need be given.

NO PRIOR REQUEST

30. No prior request for the relief sought in this Motion has been made to this or any other court.

CONCLUSION

WHEREFORE, the Foreign Representative respectfully requests that this Court (a) enter the Sale Procedures Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and (b) grant such other and further relief as is just and proper.

Dated: January 7, 2020

Respectfully submitted,

/s/ Robert H. Trust

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Counsel to the Foreign Representative

EXHIBIT A

Proposed Sale Procedures Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 15
Comsale Group Inc., *et al.*,[1]	Case No. 19-13625 (JLG)
Debtors in a Foreign Proceeding.	Jointly Administered

[PROPOSED] ORDER (I) APPROVING THE SALE PROCEDURES AND THE SALE NOTICE, (II) AUTHORIZING THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS FREE AND CLEAR OF ANY LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS, (III) RECOGNIZING AND ENFORCING THE CANADIAN SALE PROCEDURES ORDER AND (IV) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of Grant Thornton Limited, solely in its capacity as court-appointed receiver and manager and not in its personal or corporate capacity (the "Receiver") and authorized foreign representative (the "Foreign Representative") of Comsale Group Inc. ("CGI"), Comsale Computer Inc. ("CCI") and Comsale Inc. ("CI" and together with CGI and CCI, the "Debtors"), each of which was placed in a receivership on November 5, 2019 by order (the "Receivership Order") of the Superior Court of Justice (Commercial List) in Ontario, Canada (the "Canadian Court"), Court File No.: CV-19-630501-00CL (the "Canadian Proceeding"), pursuant to sections 105(a), 363, 1501, 1507, 1514, 1520 and 1521 of title 11 of the United States Code (the "Bankruptcy Code"), Rules 2002, 6004 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Local Bankruptcy Rule 6004-1 for the Southern District of New

1 The Debtors in these chapter 15 cases, along with the last four digits of each Debtor's U.S. Federal Tax Identification Number or other unique identifier are: Comsale Group Inc. (7355) (Ontario Corporation Number); Comsale Computer Inc. (7508) (Ontario Corporation Number); and Comsale Inc. (0354) (FEIN). The Receiver and Foreign Representative is Grant Thornton Limited, located at 200 King St. W. 11th Floor, Toronto, Ontario, Canada M5H 3T4.

2 Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

York (the "Local Rule"), for an entry of an order (i) approving (a) procedures (the "Sale Procedures") for the sale of substantially all of the Debtors' assets (the "Sale") that are within the territorial jurisdiction of the United States and (b) the form and manner of notice of the Sale attached hereto as **Exhibit 1** (the "Sale Notice"), (ii) authorizing the Sale of the Debtors' assets free and clear of liens, claims, encumbrances and other interests, (iii) recognizing and enforcing in the United States the order of the Canadian Court attached to the Motion as **Exhibit B** (the "Canadian Sale Procedures Order") and (iv) granting related relief; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(N) and (P); and venue being proper before this Court pursuant to 28 U.S.C. § 1410(1) and (3); and appropriate, sufficient and timely notice of the filing of the Motion and the hearing thereon having been given pursuant to the Bankruptcy Rules 2002 and 6004 and Local Rule 6004-1; and the Court having held a hearing to consider the relief requested in the Motion and upon the record established at such hearing; and the Court having found and determined that the relief requested in the Motion is in the best interests of the Debtors and their creditors and is in the interests of international comity and not inconsistent with United States policy; and the Court having found and determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein; and no objections or other responses having been filed that have not been overruled, withdrawn or otherwise resolved; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY FOUND AND DETERMINED THAT:[3]

A. Good and sufficient notice of the relief granted by this Order has been given, and no other or further notice is required. A reasonable opportunity to object or be heard regarding the relief granted by this Order (including with respect to the Sale Procedures) has been afforded to parties entitled to notice pursuant to the Bankruptcy Rules and the Local Rules.

B. The Sale Procedures are fair, reasonable and appropriate and are designed to maximize the value of the Available Assets for the benefit of the Debtors and their creditors.

C. The proposed form and manner of notice of the Sale Procedures, the Sale or Sales of Available Assets pursuant to the Sale Notice and the Objection Deadline, in each case as set forth in the Motion, is good, appropriate, sufficient and reasonably calculated to provide all interested parties with timely and proper notice of the Sale Procedures, the Sale or Sales of Available Assets pursuant to the Sale Notice and the Objection Deadline, and no other or further notice is required.

D. The Foreign Representative has demonstrated good and sufficient cause for this Court to grant the relief requested in the Motion, including the Sale Procedures and the form and manner of service of the Sale Notice.

E. The relief granted herein is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the U.S. and warranted pursuant to sections 1507 and 1521 of the Bankruptcy Code.

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[3] The findings and conclusions set forth herein and in the record of the hearing on the Motion constitute this Court's findings of facts and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Bankruptcy Rules 7052 and 9014. To the extent any of the findings of fact herein constitute conclusions of law, they are adopted as such. To the extent any of the conclusions of law herein constitute findings of fact, they are adopted as such.

F. The entry of this Order is in the best interests of the Debtors, their creditors and all other parties-in-interest in these chapter 15 cases; and now therefore

BASED ON THE FOREGOING FINDINGS OF FACT AND AFTER DUE DELIBERATION AND SUFFICIENT CAUSE APPEARING THEREFOR, IT IS HEREBY ORDERED THAT:

1. The Motion is granted as set forth herein.

2. The following Sale Procedures, which are approved in all respects, shall govern the Sale of the Available Assets located in the United States:

a. **Solicitation Materials**. The Foreign Representative shall prepare (i) a form of solicitation letter summarizing the Sale Procedures and soliciting parties to express interest in the Available Assets (the "Solicitation Letter"); (ii) a form of non-disclosure agreement (the "NDA") to be executed to access the Data Room (defined below) and (iii) a form of offer and asset purchase agreement (the "APA," together with the NDA and the Solicitation Letter, the "Solicitation Materials"). The Foreign Representative shall serve a copy of the Solicitation Letter on (a) the United States Trustee; (b) any party known to have asserted a lien on the Available Assets, including HSBC Bank Canada ("HSBC"); (c) any Potential Purchasers (defined below) and (d) any party that has filed a notice of appearance in these chapter 15 cases.

b. **Data Room**. The Foreign Representative shall establish a data room (the "Data Room") that will contain the following information (to the extent available from the Debtors' books and records): detailed asset listings, virtual tour videos of the warehouses and Available Assets as filmed by capable third parties, photographs of the Available Assets, detailed expenses related to the rent and utilities for each warehouse, lease agreements (if any), form of APA, and any other information relevant to the sale of the Available Assets. Access to the Data Room shall be available to Potential Purchasers upon execution of an NDA acceptable to the Foreign Representative.

c. **Identification of Potential Purchasers**. The Foreign Representative shall identify and prepare a list of Potential Purchasers for the Available Assets (the "Potential Purchasers").

d. **Marketing of the Available Assets**. In addition to sending the Solicitation Materials to Potential Purchasers, the Foreign Representative shall advertise the sale of the Available Assets in newspapers or periodicals of general circulation in Ontario, Canada; Reno, Nevada; Memphis, Tennessee; New York, New York; and Kuala Lumpur, Malaysia, as applicable in its discretion. The Foreign Representative shall also permit Potential Purchasers to inspect the Available

Assets at times and places to be determined by the Foreign Representative and respond to additional reasonable diligence requests.

e. **Bid Deadline**. All bids for the Available Assets must be received by the Foreign Representative by the deadline set forth in the Solicitation Materials, unless extended by the Foreign Representative.

f. **Superior Bid**. The Foreign Representative shall review all offers submitted and discuss those bids with the applicable Potential Purchaser and consult with HSBC and other creditors known to have asserted a lien on the Available Assets, if applicable. If there is more than one acceptable offer, the Foreign Representative shall determine the offer that, in the Foreign Representative's view, is superior (the "Superior Offer") by considering, among other things:

(i) the total value offered;

(ii) the terms and conditions of the offer; and

(iii) the Foreign Representative's opinion of the likelihood of successfully completing the transaction contemplated by the offer.

The Foreign Representative shall (i) inform the offeror of the Superior Offer that its offer has been selected as the Superior Offer; (ii) negotiate and execute an APA with the offeror of the Superior Offer and (iii) subject to Court approval, close the transaction.

g. **Sale Notice**. Once the Foreign Representative has successfully entered into one or more sale agreements with one or more purchasers, no less than seven (7) days before the Objection Deadline (defined below) for the applicable Sale of Available Assets, the Foreign Representative shall serve a copy of the applicable Sale Notice on (a) the United States Trustee; (b) any party known to have asserted a lien on the Available Assets, including HSBC and (c) any party that has filed a notice of appearance in these chapter 15 cases (collectively, the "Sale Notice Parties"). The Sale Notice shall provide the following information for the applicable Sale of Available Assets: (a) identification of the Available Assets being sold; (b) identification of the purchaser; (c) the purchase price and terms of payment to be paid by the purchaser; (d) a copy of the APA evidencing the Sale (or a summary of the material terms of the APA); (e) the material terms of any marketing or sales process undertaken with respect to the applicable Available Assets; (f) a statement regarding any party known to have asserted a lien on the applicable Available Assets and (g) the Objection Deadline for the applicable Sale.

h. **Proposed Sale Order**. The Foreign Representative shall attach to the applicable Sale Notice a proposed form of sale order (the "Sale Order") for the Sale of the applicable Available Assets.

i. **Foreign Representative Declaration**. The Foreign Representative shall attach to the applicable Sale Notice a declaration in support of the Sale containing statements sufficient for the Court to find that: (i) the Sale constitutes a prudent exercise of the Foreign Representative's business judgment; (ii) the Sale may be consummated free and clear of all liens, claims, encumbrances and other interests under section 363(f) of the Bankruptcy Code and (iii) the purchaser is a good faith purchaser entitled to the protections of section 363(m) of the Bankruptcy Code.

j. **Objection Deadline**. Objections, if any, to a Sale must be filed with this Court and served on: (i) the Foreign Representative and its counsel; (ii) the United States Trustee; (iii) any party known to have asserted a lien on the Available Assets, including HSBC and (iv) any party that has filed a notice of appearance in these chapter 15 cases so as to be **actually received** on or before the date that is seven (7) calendar days following the date that the applicable Sale Notice is served on the Sale Notice Parties (the "Objection Deadline"). If no written objection is filed with the Court and served in accordance with this paragraph on or before the Objection Deadline, the Sale Order may be entered by the Court without further notice or a hearing.

k. **Sale Hearing**. In the event an objection to a Sale is filed and served in accordance with paragraph (j) by the Objection Deadline, a hearing to consider the applicable Sale (the "Sale Hearing") shall be held at a date and time established by the Court.

l. **As is, Where Is**. The Sale of the Available Assets pursuant to these Sale Procedures shall be on an "as is, where is" basis and without representations or warranties of any kind or nature by the Foreign Representative, its agents and advisors, unless otherwise provided in any APA.

3. The Foreign Representative is authorized to take any and all actions necessary or appropriate to implement the Sale Procedures.

4. The Foreign Representative is authorized to modify the Sale Procedures or impose additional terms and conditions on the Sale of the Available Assets in its reasonable business judgment in any manner that will best promote the goals of the bidding process, including, without limitation, (i) extending the deadlines set forth in this Order and the Sale Procedures, (ii) adding procedural rules that are reasonably necessary or advisable to effectuate the Sale, (iii) rejecting any bids for the Sale of Available Assets, (iv) terminating the sale process contemplated by the

Sale Procedures and (v) removing any of the Available Assets from the sale process contemplated by the Sale Procedures.

5. The Sale Notice substantially in the form attached hereto as "Exhibit 1" is hereby approved. The Sale Notice shall constitute good and sufficient notice of the Motion, the Sales, the Objection Deadline and the Sale Hearing, if any. No other or further notice of the Motion, the Sales, the Objection Deadline, the Sale Hearing, if any, and the proposed Sale Order shall be necessary or required.

6. If an objection to the Sale of the Available Assets is filed and served in accordance with the Sale Procedures so as to be actually received on or before the applicable Objection Deadline, the Sale Hearing shall be held before the Honorable James L. Garrity, Jr., United States Bankruptcy Judge for the Southern District of New York, United States Bankruptcy Court, Courtroom 601, One Bowling Green, New York, New York 10004 at a date and time to be determined by the Court. If no objection to the Sale of the Available Assets is filed and served in accordance with the Sale Procedures so as to be actually received on or before the applicable Objection Deadline, the Court may approve the Sale of the Available Assets without conducting a Sale Hearing.

7. The Canadian Sale Procedures Order is recognized in full and given full force and effect in the United States.

8. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) the terms of this Order shall be immediately effective and enforceable upon its entry; (b) the Foreign Representative is not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order and (c) the Foreign Representative may, in its discretion and without

further delay, take any action and perform any act authorized under this Order, the Receivership Order or the Canadian Sale Procedures Order.

9. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Order.

Dated: ___________________, 2020
New York, New York

____
THE HONORABLE JAMES L. GARRITY, JR.
UNITED STATES BANKRUPTCY JUDGE

<u>Exhibit 1</u>

SALE NOTICE

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 15
Comsale Group Inc., *et al.*,[1]	Case No. 19-13625 (JLG)
Debtors in a Foreign Proceeding.	Jointly Administered

NOTICE OF PROPOSED SALE OF AVAILABLE ASSETS

PLEASE TAKE NOTICE that on November 13, 2019, Grant Thornton Limited, solely in its capacity as court-appointed receiver and manager and not in its personal or corporate capacity (the "Receiver") and authorized foreign representative (the "Foreign Representative") of Comsale Group Inc. ("CGI"), Comsale Computer Inc. ("CCI" or the "Borrower") and Comsale Inc. ("CI" and together with CGI and CCI, the "Debtors"),[2] filed the *Chapter 15 Petition for Recognition of a Foreign Proceeding* and the *Verified Petition Under Chapter 15 for Recognition of a Foreign Main Proceeding and Related Relief* (together, the "Petition") for each of the Debtors pursuant to chapter 15 of title 11 of the United States Code (the "Bankruptcy Code") with the United States Bankruptcy Court for the Southern District of New York (the "Court").

PLEASE TAKE FURTHER NOTICE THAT on December 16, 2019, the Court entered an order recognizing the Canadian Proceeding as a foreign main proceeding.

PLEASE TAKE FURTHER NOTICE THAT on January [●], 2020, the Court entered the *Order (I) Approving the Sale Procedures and the Sale Notice, (II) Authorizing the Sale of Substantially All of the Debtors' Assets Free and Clear of Any Liens, Claims, Encumbrances and Other Interests, (III) Recognizing and Enforcing the Canadian Sale Procedures Order and (IV) Granting Related Relief* (the "Sale Procedures Order")[3] authorizing the Foreign Representative to sell substantially all of the Debtors' assets located in the United States pursuant to the procedures set forth in the Sale Procedures Order.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Sale Procedures Order, the Foreign Representative proposes to enter into the transaction (the "Proposed Transaction")

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1 The Debtors in these chapter 15 cases, along with the last four digits of each Debtor's U.S. Federal Tax Identification Number or other unique identifier are: Comsale Group Inc. (7355) (Ontario Corporation Number); Comsale Computer Inc. (7508) (Ontario Corporation Number); and Comsale Inc. (0354) (FEIN). The Receiver and Foreign Representative is Grant Thornton Limited, located at 200 King St. W. 11th Floor, Toronto, Ontario, Canada M5H 3T4.

2 Each of the Debtors was placed in a receivership on November 5, 2019 by order (the "Receivership Order") of the Superior Court of Justice (Commercial List) in Ontario, Canada (the "Canadian Court"), Court File No.: CV-19-630501-00CL (the "Canadian Proceeding").

3 Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Sale Procedures Order.

pursuant to the asset purchase agreement (the "APA") attached to this Notice as Exhibit A. The material terms of the Proposed Transaction are described below:

- **Available Assets Being Sold**:
- **Purchaser**:
- **Purchase Price**:
- **Terms of Payment**:
- **Marketing Efforts**:
- **Known Liens**:
- **Other Material Terms**:

PLEASE TAKE FURTHER NOTICE that, pursuant to the Sale Procedures Order, the Foreign Representative requests entry of the proposed order attached to this notice as Exhibit B (the "Proposed Order") authorizing the consummation of the Proposed Transaction on seven (7) calendar days' notice and granting relief pursuant to sections 363(f) and 363(m) of the Bankruptcy Code.

PLEASE TAKE FURTHER NOTICE that, in support of the relief requested in the Proposed Order, the Foreign Representative submits the *Declaration of Foreign Representative* attached to this Notice as Exhibit C (the "Foreign Representative Declaration").

PLEASE TAKE FURTHER NOTICE that, consistent with the Sale Procedures Order and the Foreign Representative Declaration, if the Court enters an order granting relief under section 363(f) of the Bankruptcy Code, upon closing of the Sale, the Available Assets shall be transferred free and clear of all liens, claims, encumbrances and other interests, with such liens, claims, encumbrances and other interests attaching to the sale proceeds in the order of priority and with the same validity, force and effect that they have as against the Available Assets immediately prior to the Proposed Transaction.

PLEASE TAKE FURTHER NOTICE that objections to the Proposed Transaction must be filed electronically with the Court by registered users of the Court's electronic case filing system in accordance with General Order M-399 and the Court's Procedures for the Filing, Signing and Verification of Documents by Electronic Means (copies of each of which may be viewed on the Court's website at http://www.nysb.uscourts.gov). Two single-sided hard copies of any response or objection shall be sent to the Chambers of the Honorable James L. Garrity, United States Bankruptcy Judge, One Bowling Green, New York, New York 10004-1408 and served upon counsel for the Foreign Representative, Linklaters LLP, 1345 Avenue of the Americas, New York, New York 10105 (Attention: Robert H. Trust, Esq., Penelope J. Jensen, Esq. and Christopher J. Hunker, Esq.) and Thornton Grout Finnigan LLP, 100 Wellington St. West, Suite 3200, Canada Pacific Tower, Toronto (Ontario), Canada M5K 1K7 (Attention: D.J. Miller and Rachel Bengino) (collectively, the "Objection Notice Parties"), so as to be actually received on or before the date that is seven (7) calendar days following the date that the applicable Sale Notice is served on the Objection Notice Parties (the "Objection Deadline"). If no objection to the Sale of the Available Assets is filed and served in accordance with the Sale Procedures Order so as to be actually received on or before the applicable Objection Deadline, the Court may approve the Sale of the Available Assets without conducting a Sale Hearing.

PLEASE TAKE FURTHER NOTICE that if an objection to the Sale of the Available Assets is filed and served in accordance with the Sale Procedures Order so as to be actually received on or before the applicable Objection Deadline, the Sale Hearing shall be held before the Honorable James L. Garrity, Jr., United States Bankruptcy Judge for the Southern District of New York, United States Bankruptcy Court, Courtroom 601, One Bowling Green, New York, New York 10004 at a date and time to be determined by the Court.

Dated: [●], 2020
New York, New York

Respectfully submitted,

____

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Counsel to the Foreign Representative

Exhibit B to Proposed Sale Notice

Proposed Sale Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re	Chapter 15
Comsale Group Inc., *et al.*,[1]	Case No. 19-13625 (JLG)
Debtors in a Foreign Proceeding.	Jointly Administered

ORDER AUTHORIZING AND APPROVING SALE OF AVAILABLE ASSETS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS IN ACCORDANCE WITH THE SALE PROCEDURES ORDER

Upon the *Notice of Proposed Sale of Available Assets* (the "Sale Notice") and the *Declaration of Foreign Representative* attached to the Sale Notice as Exhibit C (the "Foreign Representative Declaration") in support of entry of an order (this "Order") authorizing the sale of Available Assets (the "Proposed Transaction") to ______________ (the "Buyer") pursuant to the *Order (I) Approving the Sale Procedures and the Sale Notice, (II) Authorizing the Sale of Substantially All of the Debtors' Assets Free and Clear of Any Liens, Claims, Encumbrances and Other Interests, (III) Recognizing and Enforcing the Canadian Sale Procedures Order, and (IV) Granting Related Relief* [Docket No. ___] (the "Sale Procedures Order"); and this Court having jurisdiction to consider the Sale Notice and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; and consideration of the Sale Notice and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(N) and (P); and venue being proper before this Court pursuant to 28 U.S.C. § 1410(1) and (3); and the Court having reviewed and considered the Foreign Representative Declaration; and it appearing that the Proposed Transaction is in the best interests

[1] The Debtors in these chapter 15 cases, along with the last four digits of each Debtor's U.S. Federal Tax Identification Number or other unique identifier are: Comsale Group Inc. (7355) (Ontario Corporation Number); Comsale Computer Inc. (7508) (Ontario Corporation Number); and Comsale Inc. (0354) (FEIN). The Receiver and Foreign Representative is Grant Thornton Limited, located at 200 King St. W. 11th Floor, Toronto, Ontario, Canada M5H 3T4.

of the Debtors and their creditors; and after due deliberation thereon; and good and sufficient cause appearing therefor;

IT IS HEREBY FOUND AND DETERMINED THAT:

A. Good and sufficient notice of the relief granted by this Order has been given in accordance with the Sale Procedures Order to (a) the United States Trustee; (b) any party known to have asserted a lien on the Available Assets, including HSBC and (c) any party that has filed a notice of appearance in these chapter 15 cases. Notice of the Proposed Transaction was good, sufficient and appropriate under the circumstances and provided a reasonable opportunity to object or be heard regarding the relief granted by this Order to parties entitled to notice pursuant to the Bankruptcy Rules and the Local Rules. No other or further notice of the Proposed Transaction is required.

B. The Foreign Representative has demonstrated that the Proposed Transaction is a reasonable exercise of the Foreign Representative's business judgment and is in the best interests of the Debtors and their creditors. Sound business reasons exist for the Proposed Transaction.

C. The transfer of the Available Assets to the Buyer pursuant to the APA shall be legal, valid and effective and shall vest the Buyer with all right, title and interest of the Debtors to the Available Assets free and clear of all liens, claims, encumbrances and other interests. One or more of the standards set forth in sections 363(f)(1)-(5) of the Bankruptcy Code have been satisfied.

D. The Buyer is a good faith purchaser for value, is entitled to all of the protections afforded under section 363(m) of the Bankruptcy Code and has otherwise acted in good faith in connection with the Proposed Transaction. Specifically, (a) the Buyer is not an "insider" of the Debtors, as that term is defined in the Bankruptcy Code; (b) the Proposed Transaction was negotiated at arm's-length and in good faith; (c) the Buyer did not in any way induce or cause the filing of these chapter 15 cases; (d) the consideration provided by the Buyer under the Proposed Transaction is fair and reasonable; and (e) the Proposed Transaction is not the result of fraud or collusion. Neither the Foreign Representative nor the Buyer has engaged in any conduct that would cause or permit the Proposed Transaction to be avoided or result in the imposition of any costs or damages under section 363(n) of the Bankruptcy Code.

IT IS THEREFORE, ORDERED, ADJUDGED, AND DECREED THAT:

1. The Proposed Transaction is approved as set forth herein.

2. Pursuant to sections 363(b) and 363(f) of the Bankruptcy Code, the Foreign Representative is authorized to transfer the Available Assets to the Buyer pursuant to the terms of the APA. The APA is hereby approved, and the Foreign Representative is authorized to take all actions necessary to consummate the Proposed Transaction.

3. Pursuant to sections 363(b) and 363(f) of the Bankruptcy Code, the Available Assets shall be transferred free and clear of all liens, claims, encumbrances and other interests, and all such liens, claims, encumbrances and other interests shall attach to the proceeds of the Proposed Transaction in the order of priority and with the same validity, force and effect that they have as against the Available Assets immediately prior to the Proposed Transaction.

4. The Buyer is a good faith buyer within the meaning of section 363(m) of the Bankruptcy Code and is entitled to the full protections of section 363(m) of the Bankruptcy Code. The reversal or modification on appeal of the authorization provided herein to consummate the Proposed Transaction shall not affect the validity of the Proposed Transaction, unless such

authorization and consummation of the Proposed Transaction is duly and properly stayed pending such appeal.

5. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) the terms of this Order shall be immediately effective and enforceable upon its entry; (b) the Foreign Representative is not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order and (c) the Foreign Representative may, in its discretion and without further delay, take any action and perform any act authorized under this Order, the Receivership Order or the Canadian Sale Procedures Order.

6. This Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the Motion or the implementation of this Order.

Dated: ___________________, 2020
New York, New York

____
THE HONORABLE JAMES L. GARRITY, JR.
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

Canadian Sale Procedures Order

Court File No. CV-19-630501-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE MADAM	)	FRIDAY THE 20TH
	)	
JUSTICE CONWAY	)	DAY OF DECEMBER, 2019

IN THE MATTER OF Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended.

B E T W E E N:

HSBC BANK CANADA

Applicant

- and -

COMSALE COMPUTER INC., COMSALE INC., COMSALE GROUP INC., COMSALE HONG KONG LIMITED AND COMSALE MALAYSIA SDN. BHD.

Respondents

ORDER
(Approving Sale Process)

THIS MOTION made by Grant Thornton Limited in its capacity as the Court-appointed receiver and manager (the "**Receiver**") of the undertaking, property and assets of Comsale Computer Inc., Comsale Group Inc., Comsale Inc., Comsale Hong Kong Limited and Comsale Malaysia Sdn. Bhd. (collectively, the "**Comsale Entities**") for an order (i) approving the sale process as described in the Receiver's First Report to the Court dated December 13, 2019 (the "**First Report**"); and (ii) approving the Receiver's activities as set out in the First Report and was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the First Report and on hearing the submissions of counsel for the Applicant and the Receiver, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of Rachel Bengino sworn December 17, 2019;

APPROVAL OF SALE PROCESS

1. THIS COURT ORDERS that the sale process, as described in the First Report (the "**Sale Process**"), be and is hereby approved and the Receiver is hereby authorized and directed to take such steps as it deems necessary or advisable to carry out the Sale Process, with such amendments thereto as the Receiver reasonably requires is necessary in its discretion.

2. THIS COURT ORDERS that the Receiver shall maintain separate accounting of any sale proceeds realized in the Sale Process for each of the Comsale Entities.

3. THIS COURT ORDERS that the Receiver shall have no personal or corporate liability with respect to any losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing its duties under the Sale Process (including, without limitation, through the disclosure of any and all information or documentation regarding the Comsale Entities), except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct of the Receiver, as determined by the Court.

APPROVAL OF ACTIVITIES

4. THIS COURT ORDERS that the First Report and actions, decisions and conduct of the Receiver as set out in the First Report are hereby authorized and approved; provided, however, that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

GENERAL

5. 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, Malaysia, Hong Kong to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an

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DATED AT TORONTO THIS 23 DAY OF December 20 19
FAIT A TORONTO LE JOUR DE

JAN PLONKA

REGISTRAR GREFFIER

officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Conway J.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

DEC 2 0 2019

PER / PAR: AC

SUPERIOR COURT OF JUSTICE
COUR SUPÉRIEURE DE JUSTICE

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Jan Plonka

REGISTRAR GREFFIER

IN THE MATTER OF Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c. C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended.

HSBC BANK CANADA	- and -	**COMSALE COMPUTER INC. et al.**
Applicant		Respondents

Court File No. CV-19-630501-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

ORDER
(Approving Sale Process)

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