UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

ORDER GRANTING MOTION OF THE FOREIGN REPRESENTATIVE FOR PROVISIONAL RELIEF PURSUANT TO SECTIONS 105(a) AND 1519 OF THE BANKRUPTCY CODE

Upon the motion (the "Motion") 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" or the "Borrower") 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"), for entry of provisional order under sections 105(a) and 1519(a) of title 11 of the United States Code (the "Bankruptcy Code"); and upon this Court's review and consideration of the Motion, the Verified Petition and the Stelzer Declaration; and this Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and 11 U.S.C. §§ 109 and 1501; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(P); and venue being proper before this Court

[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.

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 Rule 2002(q) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"); and upon the record established at ~~such hearing~~ **the hearing on the Motion held on November 15, 2019, the record of which is incorporated herein [JLG]**; and the Court having found and determined that the provisional relief sought in the Motion is in the best interest of the Debtors, their creditors, and parties in interest, and is in the interest of international comity and not inconsistent with United States policy, and 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:**[2]

A. There is a substantial likelihood that the Foreign Representative will successfully demonstrate that the Canadian Proceeding constitutes a "foreign main proceeding" as defined in section 1502(4) of the Bankruptcy Code.

B. The commencement or continuation of any action or proceeding in the United States against the Debtors should be enjoined pursuant to sections 105(a) and 1519 of the Bankruptcy Code to permit the expeditious and efficient administration of the Canadian Proceeding, and such relief will either (a) not cause an undue hardship to other parties in interest or (b) any hardship to parties is outweighed by the benefits of the relief requested.

[2] 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.

C. Unless a preliminary injunction is issued, there is a material risk that the Debtors' creditors or other parties-in-interest in the United States could use the Canadian Proceeding and these chapter 15 cases as a pretext to exercise certain remedies or to terminate executory contracts or unexpired leases against the Debtors and their assets located within the territorial jurisdiction of the United States.

D. Such acts could (a) interfere with the jurisdictional mandate of this Court under chapter 15 of the Bankruptcy Code, (b) interfere with and cause harm to the Receiver's efforts to administer the Canadian Proceeding, (c) interfere with the Receiver's management of and control over the Debtors' assets, and (d) undermine the Receiver's efforts to achieve an equitable result for the benefit of all of the Debtors' creditors. Accordingly, there is a material risk that the Debtors may suffer immediate and irreparable harm, and it is therefore necessary that the Court enter this Order.

E. The Foreign Representative and the Debtors are entitled to the full protections and rights available pursuant to section 1519(a)(1)-(3) of the Bankruptcy Code.

F. All creditors and other parties in interest, including the Debtors, are sufficiently protected in the grant of the relief ordered hereby in compliance with section 1522(a) of the Bankruptcy Code.

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

1. Beginning on the date of this **Provisional Relief** Order **[JLG]** and continuing until the entry of an order of this Court recognizing the Canadian Proceeding as "foreign main proceeding" as defined in section 1502(4) of the Bankruptcy Code and the Foreign Representative

as a "foreign representative" as defined in section 101(24) of the Bankruptcy Code (unless otherwise extended pursuant to section 1519(b) of the Bankruptcy Code):

a. the Foreign Representative shall be the representative of the Debtors with full and sole authority to administer the Debtors' assets and affairs in the United States on a provisional basis.

b. section 362 and 365 of the Bankruptcy Code shall apply with respect to each of the Debtors and the property of each of the Debtors that is located within the territorial jurisdiction of the United States. Without limiting the generality of the foregoing, the Provisional Relief Order shall impose a stay within the territorial jurisdiction of the United States of:

(i) the commencement or continuation, including the issuance or employment of process of, any judicial, administrative or any other action or proceeding involving or against the Debtors or their assets or proceeds thereof, or to recover a claim or enforce any judicial, quasi-judicial, regulatory, administrative or other judgment, assessment, order, lien or arbitration award against the Debtors or their assets or proceeds thereof, or to exercise any control over the Debtors' assets located in the United States except as authorized by the Foreign Representative in writing;

(ii) the creation, perfection, seizure, attachment, enforcement, or execution of liens or judgments against the Debtors' property in the United States or from transferring, encumbering or otherwise disposing of or interfering with the Debtors' assets or agreements in the United States without the express written consent of the Foreign Representative;

(iii) any act to collect, assess, or recover a claim against any of the Debtors that arose before the commencement of the Debtors' chapter 15 cases;

(iv) the setoff of any debt owing to any of the Debtors that arose before the commencement of the Debtors' chapter 15 cases against any claim against any of the Debtors;

(v) the transfer, relinquishment or disposal of any property of the Debtors to any entity (as that term is defined in section 101(15) of the Bankruptcy Code) other than the Foreign Representative and its expressly authorized representatives and agents; and

(vi) the termination, modification, refusal to perform, or otherwise acceleration of obligations or exercise of remedies under any contract with any of the Debtors on the basis of (i) the insolvency or financial condition of the Debtors at any time before the closing of these cases; (ii) the commencement of the Canadian Proceeding, the entry of the Receivership

Order, or the commencement of these chapter 15 cases under this title; or (iii) the appointment of and taking possession by the Receiver of the Debtors' assets and contracts.

c. for counterparties to certain of the Debtors' executory contracts and unexpired leases, section 365(e) of the Bankruptcy Code shall apply with respect to each of the Debtors and the property of each of the Debtors that is located within the territorial jurisdiction of the United States.

d. the Foreign Representative shall have the rights and protections to which the Foreign Representative is entitled under chapter 15 of the Bankruptcy Code, including, but not limited to, the protections limiting the jurisdiction of United States courts over the Foreign Representative in accordance with section 1510 of the Bankruptcy Code and the granting of additional relief in accordance with section 1519(a)(3) of the Bankruptcy Code.

e. notwithstanding any provision in the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") to the contrary, (i) the Provisional Relief Order shall be effective immediately and enforceable upon entry, (ii) the Foreign Representative is not subject to any stay in the implementation, enforcement, or realization of the relief granted in the Provisional Relief Order, and (iii) the Foreign Representative is authorized and empowered, and may, in its discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of the Provisional Relief Order.

2. The Foreign Representative, in connection with his appointment as the Debtors' Receiver in the Canadian Proceeding or as the "foreign representative" in these chapter 15 cases, and the Debtors are hereby granted the full protections and rights available pursuant to section 1519(a)(1)-(3) of the Bankruptcy Code.

3. Notwithstanding anything to the contrary contained herein, this **Provisional Relief** Order **[JLG]** not be construed as (a) enjoining the police or regulatory act of a governmental unit, including a criminal action or proceeding, to the extent not stayed under section 362 of the Bankruptcy Code, or (b) staying the exercise of any rights that section 362(o) of the Bankruptcy Code does not allow to be stayed.

4. The Foreign Representative, the Debtors and each of their successors, representatives, advisors, or counsel shall be entitled to the protections contained in sections 306 and 1510 of the Bankruptcy Code.

5. Pursuant to Bankruptcy Rule 7065, the security provisions of Rule 65(c) of the Federal Rules of Civil Procedure are waived.

6. This Order, the proposed order recognizing the Canadian Proceeding as a "foreign main proceeding" as defined in section 1502(4) of the Bankruptcy Code and the Foreign Representative as a "foreign representative" as defined in section 101(24) of the Bankruptcy Code and notice of the hearing on the Petition shall be served on: (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 entities against whom provisional relief is being sought under section 1519 of the Bankruptcy Code; (viii) all known creditors and contract counterparties of the Debtors in the United States; (ix) all parties to litigation pending in the United States to which any of the Debtors is a party at the time of the filing of the Petition; and (x) all parties that have filed a notice of appearance in these chapter 15 cases.

7. Service in accordance with this Order shall be deemed good and sufficient service and adequate notice for all purposes. The Foreign Representative, the Debtors, and their respective agents are authorized to serve or provide any notices required under the Bankruptcy Rules or local rules of this Court.

8. The banks and financial institutions with which the Debtors maintain bank accounts or on which checks are drawn or electronic payment requests made in payment of prepetition or

postpetition obligations are authorized and directed to continue to service and administer the Debtors' bank accounts without interruption and in the ordinary course and to receive, process, honor and pay any and all such checks, drafts, wires and automatic clearing house transfers issued, whether before or after the Petition Date and drawn on the Debtors' bank accounts by respective holders and makers thereof at the direction of the Foreign Representative.

9. The Foreign Representative and its agents are authorized and empowered to take all actions necessary to effectuate the relief granted under this Order in accordance with the Motion.

10. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

11. This Court shall retain jurisdiction with respect to the enforcement, amendment or modification of this Order, any requests for additional relief or any adversary proceeding brought in and through these chapter 15 cases, and any request by an entity for relief from the provisions of this Order, for cause shown, that is properly commenced and within the jurisdiction of this Court.

Dated: November 15, 2019
New York, New York

/s/ James L. Garrity, Jr.
THE HONORABLE JAMES L. GARRITY, JR.
UNITED STATES BANKRUPTCY JUDGE