

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

| | | |
|------------------------------------|---|----------------------------------|
| In re: |) | Chapter 15 |
| |) | |
| DYNAMIC TECHNOLOGIES GROUP |) | Case No. 23-41416-15 |
| INC., <i>et al.</i> , ¹ |) | |
| |) | (Joint Administration Requested) |
| Debtors in a Foreign Proceeding. |) | |

**VERIFIED PETITION FOR ENTRY OF
ORDER RECOGNIZING FOREIGN MAIN
PROCEEDING AND GRANTING ADDITIONAL RELIEF**

¹ The Debtors in these Chapter 15 cases, along with the last four digits of the Debtors' unique identifier are: DYNAMIC TECHNOLOGIES GROUP INC. (CA. BN 863055893); DYNAMIC ATTRACTIONS, INC. (EIN 98-1016243); DYNAMIC ATTRACTIONS LTD. (CA. BN 101632677); DYNAMIC ENTERTAINMENT GROUP LTD. (CA. BN 703755496 CR0001); DYNAMIC STRUCTURES LTD. (CA. BN 794519280 RC0001). Additional information regarding this case may be obtained on the Monitor's website for this case at <http://cfcandada.fticonsulting.com/dynamicgroup/>.

TABLE OF CONTENTS

PRELIMINARY STATEMENT 1

JURISDICTION AND VENUE 2

BACKGROUND 4

I. The Debtors’ Business, Corporate Structure, and Prepetition Assets and Liabilities 4

A. The Debtors’ Businesses..... 4

i. Dynamic Technologies Group Inc..... 4

ii. Dynamic Attractions Ltd..... 5

iii. Dynamic Structures Ltd. 6

iv. Dynamic Attractions Inc. 6

v. Dynamic Entertainment Group Ltd. 7

B. The Debtors’ Locations and Leases 7

C. Cash Management System..... 8

D. Prepetition Credit Facilities 10

II. Events Preceding the Commencement of the Canadian Proceeding 11

III. The Canadian Proceeding 13

RELIEF REQUESTED..... 15

BASIS FOR RELIEF 17

I. The Debtors are Eligible for Chapter 15 Relief..... 17

II. The Canadian Proceeding Meets the Requirements for Recognition as a Foreign Main Proceeding..... 19

A. The Canadian Proceeding is a Foreign Proceeding 19

B. The Chapter 15 Cases have been Commenced by a Duly Authorized Foreign Representative 22

C. The Debtors’ Center of Main Interests is Canada..... 23

- D. In the Alternative, the Canadian Proceeding Should be Recognized as a Foreign Nonmain Proceeding 27
- E. The Petitions Meet the Requirements of Bankruptcy Code Section 1515 28
- F. The Relief Requested is Consistent with United States Public Policy and the Policy Behind the Bankruptcy Code..... 29
- III. This Court Should Extend Comity and Cooperation to the Canadian Proceeding..... 30
- IV. Mandatory Relief Under Section 1520 31
- V. Additional Relief Pursuant to Section 1521..... 32
- CONCLUSION..... 35

TABLE OF AUTHORITIES

| | <u>Page(s)</u> |
|--|-----------------------|
| Cases | |
| <i>Ad Hoc Grp. of Vitro Noteholders v. Vitro SAB De CV (In re Vitro SAB De CV)</i> , 701 F.3d 1031 (5th Cir. 2012) | 30 |
| <i>Collins v. Oilsands Quest, Inc.</i> , 484 B.R. 593 (S.D.N.Y. 2012)..... | 31 |
| <i>Drawbridge Special Opportunities Fund LP v. Barnet (In re Barnet)</i> , 737 F.3d 238 (2d Cir. 2013). Bankruptcy | 17 |
| <i>Hilton v. Guyot</i> , 159 U.S. 113 (1895)..... | 30 |
| <i>In re ABC Learning Ctrs. Ltd.</i> , 445 B.R. 318 (Bankr. D. Del. 2010). Here, in the Amended Initial CCAA Order, the Canadian Court | 20 |
| <i>In re Acerus Pharma. Corp.</i> , No. 23-10111 | 21 |
| <i>In re Al Zawawi</i> , 634 B.R. 11 (M.D. Fla. 2022)..... | 17 |
| <i>In re Angiotech Pharm., Inc.</i> , Case No. 11-10269 (KG) (Bankr. D. Del. Feb. 22, 2011)..... | 27 |
| <i>In re Arctic Glacier Int'l Inc.</i> , Case No. 12-10605 (KG) (Bankr. D. Del. Mar. 16, 2012) | 26 |
| <i>In re Argent Energy (Canada) Holdings, Inc.</i> , No. 16-20060 | 22 |
| <i>In re Baronet U.S.A. Inc.</i> , No. 0713821 (JMP) (Bankr. S.D.N.Y. Jan. 10, 2008) [Docket No. 15]..... | 22 |
| <i>In re Basis Yield Alpha Fund (Master)</i> , 381 B.R. 37 (Bankr. S.D.N.Y. 2008)..... | 24 |
| <i>In re Bear Stearns High-Grade Structured Credit Strategies Master Fund, Ltd.</i> , 374 B.R. 122 (Bankr. S.D.N.Y. 2007), <i>aff'd</i> , 389 B.R. 325 (S.D.N.Y. 2008)..... | 24 |
| <i>In re Bemarmara Consulting a.s.</i> , No. 13-13037, ECF Nos. 38 and 41 (Bankr. Del. Dec. 17, 2013) | 17 |

In re Betcorp Ltd.,
400 B.R. 266 (Bankr. D. Nev 2009)19, 20, 25

In re Canwest Global Commc'ns Corp.,
No. 09-15994 (SMB) (Bankr. S.D.N.Y. Nov. 3, 2009)22

In re Catalyst Paper Corp.,
Case No. 12-10221 (PJW) (Bankr. D. Del. March 5, 2012).....26

In re CDS U.S. Holdings, Inc.,
No. 20-11719 (Bankr. D. Del. Jul. 21, 2020).....21

In re Energy Coal S.P.A.,
582 B.R. 619 (Bankr. D. Del. 2018)34

In re Entrec Corp.,
No. 20-32643 (Bankr. S.D. Tex. May 29, 2020)21

In re Essar Steel Algoma Inc.,
Case No. 15-12271 (BLS) (Bankr. D. Del. Dec. 1, 2015)26

In re Gandi Innovations Holdings, LLC,
09-51782-C, 2009 WL 2916908 (Bankr. W.D. Tex. June 5, 2009)22

In re Global Ocean Carriers,
251 B.R.18

In re Hotel Solutions USA Inc.,
No. 11-31691 (Bankr. N.D. Tex. Mar. 10, 2011)21

In re Imperial Tobacco Canada Ltd.,
No. 19-10771 (JPM) (Bankr. S.D.N.Y. April 17, 2019) [Docket No. 40]22

In re Inversora Eléctrica de Buenos Aires S.A.,
560 B.R. 650 (Bankr. S.D.N.Y. 2016)3

In re The John Forsyth Shirt Co. Ltd.,
Case No. 13-10526 (SCC) (Bankr. S.D.N.Y. Mar. 18, 2013)26

In re Just Energy Group Inc.,
No. 21-30823 (MI) (Bankr. S.D. Tex. Apr. 2, 2021).....23

In re Lone Pine Res. Inc.,
No. 13-12487 (BLS) (Bankr. D. Del. Sept. 26, 2013)22

In re Metcalf & Mansfield Alt. Invs.,
No. 09-16709 (MG) (Bankr. S.D.N.Y. Jan. 5, 2010)22

In re Metcalfe & Mansfield,
421 B.R.31

In re Millennium Global Emerging Credit Master Fund Ltd.,
458 B.R. 63 (Bankr. S.D.N.Y. 2011).....24

In re Mood Media Corp.,
569 B.R. 556 (Bankr. S.D.N.Y. 2017).....27

In re Nygard Holdings (USA) Ltd.,
No. 20-10828 (DSJ) (Bankr. S.D.N.Y. April 23, 2020)21

In re Petition of Davis,
191 B.R. 577 (Bankr. S.D.N.Y. 1996).....30

In re Poymanov,
571 B.R. 24 (Bankr. S.D.N.Y. 2017).....20

In re Ran,
607 F.3d 1017 (5th Cir. 2010)25

In re Sino-Forest Corp.,
No. 13-10361 (MG) (Bankr. S.D.N.Y. Apr. 15, 2013) [Docket No. 16].....22

In re Suntech Power Holdings Co., Ltd.,
520 B.R. 399 (Bankr. S.D.N.Y. 2014).....3, 25

In re Talon Sys. Inc.,
Case No. 13-11811 (KJC) (Bankr. D. Del. Aug. 30, 2013).....26

In re Think3 Inc.,
No. 11-11925, 2011 Bankr. LEXIS 534924

In re U.S. Steel Canada, Inc.,
No. 17-11519 (MG) (Bankr. S.D.N.Y. July 31, 2017)22

In re U.S. Steel Canada Inc.,
571 B.R. 600 (Bankr. S.D.N.Y. 2017).....23

In re UrtheCast Corp., No. 20-32353
(Bankr. D. Minn. Oct. 29, 2020).....23

In re Xentel Inc.,
No. 1310888 (KG) (Bankr. D. Del. Apr. 12, 2013).....22

Morning Mist Holdings Ltd. v. Krys (In re Fairfield Sentry Ltd.),
714 F.3d 127 (2d Cir. 2013).....24

Raymond Chabot, Inc. v. Serge Côté Family Trust,
 No. 6:14-cv-03392, 2014 U.S. Dist. LEXIS 117128 (D.S.C. Aug. 22, 2014).....31

United States. Clarkson Co. v. Shaheen,
 544 F.2d 624 (2d Cir. 1976).....30

Victrix S.S. Co., S.A. v. Salen Dry Cargo A.B.,
 825 F.2d 709 (2d Cir. 1987).....34

Statutes

8 Del. C. § 16918

11 U.S.C. § 15.....33

11 U.S.C. § 101(23)19, 20

11 U.S.C. § 103(a)17

11 U.S.C. § 105.....33

11 U.S.C. § 109(a)17, 18

11 U.S.C. § 361.....32

11 U.S.C. § 362..... passim

11 U.S.C. § 362 (a)32

11 U.S.C. § 365(e)32

11 U.S.C. § 522.....33

11 U.S.C. § 544.....33

11 U.S.C. § 545.....33

11 U.S.C. § 547.....33

11 U.S.C. § 548.....33

11 U.S.C. § 550.....33

11 U.S.C. § 724(a)33

11 U.S.C. § 1501.....29, 30

11 U.S.C. § 1502(1)17

11 U.S.C. § 1504.....3
11 U.S.C. § 1506.....19
11 U.S.C. § 1507..... passim
11 U.S.C. § 1509(b)(3)30
11 U.S.C. § 1515..... passim
11 U.S.C. § 1516(a)23
11 U.S.C. § 1517..... passim
11 U.S.C. § 1519.....15, 28
11 U.S.C. § 1520..... passim
11 U.S.C. § 1520(a)16, 31, 32
11 U.S.C. § 1521..... passim
11 U.S.C. § 1522(a)33
28 U.S.C. § 157(b)(2)(P).....2
28 U.S.C. § 1334.....2
28 U.S.C. § 1410(1).....2

Dynamic Technologies Group Inc. (“DTG”) is the authorized foreign representative (“Foreign Representative”) of the above-captioned debtors (the “Debtors” or the “Dynamic Group”), which are the subject of the proceeding pending under Canada’s Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36 (as amended, the “CCAA”) in the Court of King’s Bench of Alberta, Calgary, Judicial Centre of Calgary (the “Canadian Proceeding” and such court, the “Canadian Court”). Concurrently herewith, the Foreign Representative has filed chapter 15 form petitions for each of the Debtors (the chapter 15 form petitions, together with this Verified Petition, the “Petitions”), and respectfully seeks entry of an order substantially in the form attached hereto as **Exhibit A** (the “Order”) pursuant to sections 105(a), 362, 1517, 1520, and 1521 of title 11 of the United States Code (the “Bankruptcy Code”): (i) recognizing the Canadian Proceeding as a “foreign main proceeding” pursuant to section 1517 of the Bankruptcy Code and (ii) granting additional relief pursuant to section 1521 of the Bankruptcy Code. In the alternative, should the Court not recognize the Canadian Proceeding as a foreign main proceeding (either in whole or in part), the Foreign Representative seeks recognition of the Canadian Proceeding as a foreign nonmain proceeding, as defined in section 1502(b) of the Bankruptcy Code, and seeks additional relief available under section 1521 of the Bankruptcy Code.

PRELIMINARY STATEMENT

1. The Dynamic Group began in 2005 and consists of: DTG, Dynamic Attractions Ltd. (“DAL”), Dynamic Structures Ltd. (“DSL”), Dynamic Attractions Inc. (“DAI”), and Dynamic Entertainment Group Ltd. (“DEGL”).

2. The Dynamic Group designed and constructed some of the most popular roller coasters in the world. As a result of the COVID-19 pandemic and rising supply and employment costs, much like other businesses that support the theme-park industry, the Dynamic Group

suffered greatly. The Dynamic Group lost many ride projects previously awarded and almost two years of theme park capital expenditure planning time was lost. As a result, the Dynamic Group initiated a case in Canada under the CCAA to preserve its assets and complete a marketing process for their assets.

3. These Petitions serve a critical role in effectuating the marketing of the Debtors' business and assets. The Dynamic Group's business and assets will be implemented as part of an extensive solicitation process conducted in the Canadian Proceeding that seeks sale proposals for the Dynamic Group. Specifically, these Petitions prevent creditors and stakeholders from commencing and continuing actions in the United States that are more properly the subject of the Canadian Proceeding or that will interfere with the Debtors' restructuring process. Recognition of the Canadian Proceeding will, among other things, ensure that the restructuring process, as implemented through the Canadian Proceeding, is respected in the United States.

4. Additionally, entry of an order recognizing the Canadian Proceeding will likely be a condition precedent to consummation of any restructuring transactions and a condition precedent for a potential sale of the Debtors' assets. For the reasons set forth herein, the Foreign Representative submits that the relief requested in this Verified Petition is necessary and appropriate for the benefit of the Debtors, their creditors, and other parties in interest.

JURISDICTION AND VENUE

5. This Court has subject-matter jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2)(P). Section 1410(1) of title 28 of the United States Code provides that “[a] case under chapter 15 of title 11 may be commenced in the district court of the United States for the district . . . in which the debtor has its principal place of business or principal assets in the United States.” Venue is proper in this district pursuant to 28 U.S.C. § 1410(1) because (a) DAI is registered as a foreign for-profit corporation

in Texas; (b) DAI maintains its principal place of business in Arlington, Texas; and (c) over 90% of the revenue generated by DAI, the Dynamic Group's U.S. subsidiary, is generated out of Arlington, Texas. Further, each of the other Debtors has property located in Texas consisting of an undrawn retainer in a non-interest bearing account located with Wells Fargo in Dallas, Texas held for those Debtors by Akerman LLP, as counsel to the Debtors (the "Retainer Account"). Such funds remain in the Retainer Account as of the date hereof and are the Debtors' property, providing a sufficient basis for jurisdiction and venue in Texas. *See In re Inversora Eléctrica de Buenos Aires S.A.*, 560 B.R. 650, 655 (Bankr. S.D.N.Y. 2016) (holding that deposits in a New York bank account and an attorney retainer on deposit in New York "whether considered alone or together . . . provide a sufficient basis for jurisdiction and venue in New York"); *In re Suntech Power Holdings Co., Ltd.*, 520 B.R. 399, 413-16 (Bankr. S.D.N.Y. 2014) (holding that a New York bank account over which a chapter 15 debtor possessed power to direct disbursement of funds was property sufficient to establish venue for chapter 15 case in New York).

6. The Debtors confirm their consent, pursuant to Rule 7008 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") to the entry of a final order by the Court in connection with the Petitions to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

7. The statutory predicates for the relief requested herein are sections 105(a), 1504, 1507, 1515, 1517, 1520, and 1521 of the Bankruptcy Code.

BACKGROUND²

I. The Debtors' Business, Corporate Structure, and Prepetition Assets and Liabilities

A. The Debtors' Businesses

8. The Dynamic Group is in the business of designing, producing, engineering, and manufacturing, commissioning, warrantying, and providing ongoing parts and services to theme park owners around the world. The Dynamic Group has produced award-winning and cutting-edge theme park ride systems and attraction developments. The Dynamic Group has manufactured and engineered rides for major theme park owner/operators, including Universal Studios and Disney. Prior to the Canadian Proceeding, the Dynamic Group employed 231 people, 203 of which were located in Canada. Currently, the Dynamic Group employs 25 employees, 16 of which are in Canada.

9. All board meetings are conducted in Canada. Due to the COVID-19 pandemic, board members and other participants would often appear remotely. The majority of the Dynamic Group's creditors are located in Canada, but consist of a diverse group of entities from many different countries.

i. Dynamic Technologies Group Inc.

10. DTG was founded in 2005 under the name Ryjencap Inc. DTG is currently a publicly traded company and its common shares are listed for trading on the Toronto Venture Exchange ("TSX"), trading under the symbol "DTG." DTG is incorporated and registered in Alberta, Canada. DTG is the public vehicle used to raise capital for the rest of the business conducted by the Dynamic Group. DTG is a holding company and employs the Dynamic Group's officers, including: Guy Nelson, the Executive Chairman and CEO; Jerry Pierson, the

² The factual statements in this background section are drawn from the *Declaration of Allan Francis in Support of Verified Petition for Entry of an Order Recognizing Foreign Main Proceedings and Granting Additional Relief* (the "Francis Declaration").

President and COO; Michael Martin, the CFO, and Allan Francis, the Corporate Secretary. All of these officers are located in Canada, except Jerry Pierson who resides in Orlando, Florida.

ii. Dynamic Attractions Ltd.

11. DAL is incorporated and registered in Canada. DAL is the primary operating entity in the Dynamic Group. It provides all of the engineering and manufacturing operations from Vancouver, British Columbia.

12. DAL is the amalgamation of several predecessor corporations whose businesses include “building to print” a wide variety of projects for industrial, commercial, and institutional clients. These projects included complex bridges, dome enclosures for large telescopes, and a variety of projects in the Alberta oilsands area. DAL developed a world-class engineering and fabrication competency perfectly suited for the theme park industry.

13. DAL is a turnkey supplier of premium entertainment rides. Its proprietary product lines include high-tech theaters, special effects roller coasters, autonomous guided vehicles, and independent drive and controlled “coaster vehicles.” Many aspects of DAL’s ride technology are protected with Canadian and international patents. DAL continues to provide custom design-build-commission services for major theme parks.

14. DAL has executed over USD\$700,000,000 of ride contracts, including some of the most popular rides ever built. A summary of some of those rides is set out below:

| Counter-Party | Attraction | Location | Contract (Sign/Open) |
|-----------------------------|---|---|--|
| Universal Parks and Resorts | Harry Potter’s Forbidden Journey – Robotic Attraction | Orlando, Florida Osaka, Japan Hollywood, California Beijing, China | 2006/2010 2012/2014 2012/2016 2016/2021 |
| Universal Parks and Resorts | Mario Kart Koopa’s Challenge – Augmented | Orlando, Florida (design) Orlando, Florida (design) Orlando, Florida (design) | 2017/2019 2017/2019 2018/2020 |

| | | | |
|--------|-------------------------|---|---|
| | Reality | Osaka, Japan Hollywood, California Orlando, Florida | 2018/2020 2018/2021 2018/2022 |
| Disney | Soarin'- Flying Theatre | Anaheim, California Orlando, Florida Orlando, Florida Shanghai, China Tokyo Japan | 1997/2001 2003/2005 2014/2016 2013/2016 2016/2019 |

15. DAL’s Vancouver Production Facility includes approximately 105,000 square feet of manufacturing and facilities and offices. It also includes the Dynamic Group’s designs, computers and machines necessary for the operation of the entire Dynamic Group.

iii. Dynamic Structures Ltd.

16. DSL is incorporated and registered in Canada. DSL was originally incorporated in 2017, but became operational in 2020 when 34 engineers were transferred from DAL to DSL, and 50% of DSL’s shares were sold to a third-party investor. DSL now primarily provides design engineering and product research and development services for the complex ride systems for DAL. DSL also designs sophisticated custom, complex, high precisions mechanisms and integrated structures for third-party customers.

iv. Dynamic Attractions Inc.

17. DAI is incorporated and registered in Delaware, but has its principal place of business in Arlington, Texas. Out of the Arlington office (the “Arlington Office”), DAI provides maintenance services and replacement parts for ride systems delivered to customers throughout the world. DAI also provides parts and service for rides built by other manufacturers. DAI also has a facility in Orlando, Florida (the “Orlando Facility”), that it sublets a substantial portion to other companies in the industry. Over 90% of revenue from DAI is attributable to the Arlington

Office. The Orlando facility operates as a show room and office for company representatives to engage with customers in the area.

v. Dynamic Entertainment Group Ltd.

18. DEGL is incorporated and registered in Canada. In 2017, the Dynamic Group decided to diversify its business by leveraging its proprietary ride intellectual property, vertically integrating into attraction ownership in partnership with tourist based operators. DEGL was incorporated in order to operate and develop the co-venture business in North America as well as hold its investments in the co-venture business in China.

19. The first co-venture ride in this business line opened in the summer of 2021 at The Island Theme Park located in Pigeon Forge, Tennessee. The ride is called SkyFly: Soar America (“Sky Fly”) and is co-owned by DEGL. The other 50% owner-operator is an entity called Smoky Mountain Flyers LLC. The Dynamic Group holds its interest in this co-venture in the High Express Holdings (US) Inc. (“High Express US”), a wholly-owned subsidiary of DEGL.

B. The Debtors’ Locations and Leases

20. As noted above, the Dynamic Group operates its business out of facilities and offices. The Dynamic Group has five premises. The main manufacturing and production facilities and offices are located in Vancouver in a 105,000 square location at 1765 Coast Meridian Road, Port Coquitlam, BC V3C 3T7 (the “Vancouver Production Facility”). There are two smaller offices in Winnipeg, Manitoba (the “Winnipeg Office”) and Toronto, Ontario (the “Toronto Office”). In the United States, DAI has the Orlando Facility, much of which has been sublet to other companies in the industry and the Arlington Office. Also as stated above, over 90% of revenue from DAI is attributable to the Arlington Office.

C. Cash Management System

21. In the ordinary course of business, the Dynamic Group uses a centralized banking and cash management system (“Cash Management System”) to, among other things, collect funds and pay expenses associated with its operations. The Cash Management System is administered by the Dynamic Group’s finance department and DTG’s CFO in Edmonton, Alberta.

22. The Cash Management System has several functions, comprised of: (a) collection of accounts receivable from third parties; (b) disbursements to fund payroll and benefits, capital expenditures, maintenance costs, payments to inventory vendors and other service providers; and (c) intercompany cash transfers amongst the Dynamic Group. The Debtors have been authorized by the Canadian Court to continue to use the existing Cash Management System during the pendency of the Canadian Proceeding.

23. Generally, the Dynamic Group’s customers are invoiced as follows:

- a) DAL invoices customers for the ride projects in Canada, the United States and internationally;
- b) DAI invoices customers for parts and service jobs that are performed in the United States and internationally, but all payments are made to Canadian bank accounts;
- c) DSL invoices DAL for engineering services provided to DAL in the production of rides and invoices customers in Canada and the United States for third party engineering services; and
- d) High Express US collects the cash dividend distributions which then flow up to DEGL and eventually to DTG.

24. Intercompany transfers are payments made between DAL, DAI, DSL, DTG, DEGL and High Express US for (a) sales of products and services between the divisions; (b) provision of net share expenses and services, including essential corporate functions; and (c)

any additional funding required to support each of the divisions, made by way of intercompany loans.

25. The Dynamic Group utilizes 22 bank accounts of which 19 are held at the Canadian Imperial Bank of Commerce (“CIBC”) in Canada, one is held at Chase Bank in the United States, and two are held in China.

26. The bank accounts held at CIBC consist of separate Canadian dollar and United States dollar accounts for DAI, DSL, DEGL, and DTG. DAL has 4 separate Canadian dollar accounts as well as four separate United States dollar accounts. Of the accounts held by DAL, two Canadian dollar and two United States dollar accounts in the name of Dynamic Optics Inc. (which ceased operations in 2019). All of these accounts are general operating accounts used to receive and disburse funds. Within DAL specifically, most of the deposits are received through one Canadian and two United States dollar accounts and most disbursements are made through one Canadian and United States dollar account. Finally, High Express US has one United States dollar account which is used to receive distributions from Smoky Mountain Flyers LLC and transfers as required in the Dynamic Group;

27. The one United States dollar account with Chase Bank is held by DAI and it is used to facilitate payroll, benefit payments, rent payments, and other operating costs of DAI in the United States. The vast majority of funds received in the Chase Bank account are received via transfer from CIBC as virtually all of DAI’s customer cash receipts are received through the CIBC accounts from DAI. In short, DAL funds the DAI account so that DAI can make payroll. All money received by DAI is deposited into Canadian bank accounts.

28. The two accounts in China are held by the Dynamic Group’s wholly owned foreign entity, Zhejiang Dynamic Structures Engineering Technology Limited. The United States

dollar account is used mostly to receive intercompany transfers. The Chinese Yuan Renminbi account is used for general operating expenses in China.

29. On a weekly basis the Dynamic Group's finance department reviews near term cash requirements, cash receipts, and residual account balances. Based on this review, forecast cash required to fund disbursements is calculated and the Dynamic Group determines what invoices can be paid from the Operating Account for that week.

30. All accounting audits are done by Grant Thornton LLP out of Toronto, Ontario. All Dynamic Group bank signatories are located in Canada.

D. Prepetition Credit Facilities

31. As of December 31, 2022, the Dynamic Group had total liabilities of approximately USD\$94,453,000.00, including accounts payable and accrued liabilities of USD\$12,764,000.00, term loans in the amount of USD\$26,320,000.00, and provisions on certain projects in the amount of USD\$6,107,000.00. In the context of the Company's prepetition restructuring efforts, in the summer of 2022, Promising Expert Limited ("PEL") and DTG entered into an amended and restated credit agreement for \$16 million (the "PEL Agreement"). The PEL Agreement is governed by the laws of the Province of Alberta and the laws of Canada and matured on February 28, 2023 and has not been amended or extended.

32. DTG also entered into a loan agreement (the "EDC Agreement") with Export Development Canada. ("EDC"), a Canadian governmental entity, which is subordinated to the PEL Agreement in an amount not to exceed USD\$14,200,000.00. The EDC Agreement is governed by the laws of the Province of British Columbia and the federal laws of Canada.

II. Events Preceding the Commencement of the Canadian Proceeding

33. The Dynamic Group required the stability of the Canadian Proceeding to conduct a SISP.

34. The Dynamic Group has operated at a loss for the last five years. The following chart shows the Dynamic Group’s declining financial performance:

| Audit Year | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | \$135,395,000 | \$110,119,000 | \$69,776,000 | \$35,552,000 | \$26,794,000 |
| Net Loss | (\$50,463,000) | (\$27,087,000) | (\$12,477,000) | (\$14,876,000) | (\$11,189,000) |
| EBITDA | (\$10,909,000) | (\$5,272,000) | \$2,890,000 | (\$5,916,000) | (\$7,172,000) |

35. Several factors have contributed to the Dynamic Group’s financial decline. The current and recent historical financial performance has been negatively impacted by multiple “first-generation” projects. First generation projects were first-of-a-kind in nature, posing significant technical and financial risks to the Dynamic Group to overcome these risks and deliver the projects successfully. Overcoming these risks has been costly and has resulted in negative financial performance and significant liquidity constraints.

36. Additionally, the Dynamic Group has faced a number of challenges as a result of the extended impact of the COVID-19 pandemic. Particularly, the pandemic’s continued effect in the number of tourists visiting major theme parks, a dramatic decline in the large custom ride projects, the cancellation of existing projects for which timelines were also lost during this period.

37. Additionally, the Dynamic Group has succumbed to increased costs of virtually all raw materials, subcontract services, labor, and shipping over the last few years. Increased lead

times and procurement delays on various raw materials components have slowed down the ability to execute secured work in a timely and efficient manner.

38. The Dynamic Group conducted processes with Canaccord Genuity Corp. (“Canaccord”) (the “Canaccord Process”) and Everleaf Capital Corp. The Canaccord Process was initiated in October of 2019 to find funds to repay the senior debt of USD\$20,000,000, invest USD\$20,000,000 in co-venture projects (similar to Sky Fly) or privatization transactions with proceeds raised to privatize the public float of shares. Canaccord approached at least 99 prospects about the opportunity to invest in the Dynamic Group. There were also approximately 15 non-disclosure agreements signed with parties who participated in the Canaccord Process.

39. Through the Canaccord Process three strategic investors expended considerable time both in conducting due diligence and interviewing the CEO. Certain of the parties, at the end of their due diligence effort, indicated that DTG lacked sufficient liquidity and the proposed structure of the possible investment was far too complicated.

40. Ultimately, while parties were excited about the potential of the co-venture business and possibilities of the ride business operated by DAL, they were hesitant to invest.

41. In light of the significant slow-down in the large ride projects sector, the Dynamic Group became increasingly unable to sustain the high cost of running its business. Management initiated a number of initiatives to help improve the Dynamic Group’s operations, financial performance, and liquidity.

42. Throughout 2021 and 2022, the Dynamic Group implemented measures to adjust for the decreased work flow, including right-sizing its work force, refinancing its debt, decreasing costs of manufacturing and monetizing its real property where possible.

43. In August of 2022, the Dynamic Group secured financing with PEL and ECG to replace its previous lenders and provide additional working capital. DTG also raised additional equity in the total amount of \$5,105,000 in 2022 in three tranches each which closed on April 20, 2022, May 30, 2022 and June 27, 2022.

44. Unfortunately, despite these measures, the Dynamic Group continues to face a liquidity crisis, including the significant challenges associated with the liabilities associated with the coaster projects, and it no longer has access to capital markets to complete its restructuring efforts, even as theme parks continue to recover and the co-venture ride business proves its value.

III. The Canadian Proceeding

45. Given the Dynamic Group's decreasing financial performance and the overall negative lingering impacts of the COVID-19 pandemic on the theme park business, the Dynamic Group in consultation with its advisors, initiated the Canadian Proceeding to reorganize under the protections offered by the CCAA, including by initiating the SISP, which will maximize the value of the Dynamic Group and allow it to compromise its significant historical liabilities through a restructured entity. Documents evidencing the commencement of the Canadian Proceeding are attached as **Exhibits C** and **D** to the Francis Declaration.

46. Although each Debtors' respective management and board of directors remains in place, the Debtors' assets and affairs are subject to the supervision of the Canadian Court during the pendency of the Canadian Proceeding.

47. On March 9, 2023, following a hearing, the Canadian Court entered the "**Initial CCAA Order**." The Initial CCAA Order, among other things, (i) commenced the Canadian Proceeding pursuant to the CCAA; (ii) appointed FTI Consulting Canada Inc. as Monitor in the Canadian Proceeding; (iii) granted a stay of proceedings in favor of the Debtors and their

directors and officers up to and including March 19, 2023; (iv) granted priority charges in favor of (a) professionals employed by the Debtors and the Monitor; (b) directors and officers of the Debtors; and interim lender; (iv) authorized the Debtors to continue utilizing the Cash Management System; and (v) authorized interim financing with PEL.

48. After the Initial CCAA Order was entered, the Debtors, (i) issued a press release in respect of the Canadian Proceeding and the stay; (ii) worked with the monitor to prepare a communications package for employees, suppliers, and customers; (iii) communicated the filing under the CCAA to employees, suppliers, landlords, and customers; and (iv) reduced operations and number of employees in order to preserve cash and key employees to effect a restructuring.

49. The Dynamic Group has made the strategic decision to focus on designing and maintaining an ownership interest in theme-park rides, as opposing to manufacturing and selling them to other theme park owners.

50. On March 16, 2023, following a hearing, the Canadian Court entered an order (the “Amended Initial CCAA Order” and together with the Initial CCAA Order, the “CCAA Orders”) which, among other things, (i) granted an extension of the stay of proceedings up to and including May 26, 2023; (ii) amended the amounts of the priority charges previously approved by the court; and (iii) authorized and empowered the Debtors to act as the foreign representative in respect of the Canadian Proceeding for the purposes of having such proceedings recognized in the United States. The Amended Initial CCAA Order also approved the SISF with the following milestones (somewhat similar to a bidding procedures order in the United States):

| | |
|--|-------------------------|
| Prepare teaser, confidential information memorandum and data room | March 20-24, 2023 |
| Contact prospective purchasers who might be interested in participating in a sale or investment in Dynamic Group | March 24-April 28, 2023 |
| Phase 1 Bid Deadline – Non-Binding Bids | April 28, 2023 |

| | |
|---|--------------|
| | |
| Phase 2 Bid Deadline – Binding bids in form of purchase or investment agreement | May 26, 2023 |
| Auction, if required | June 8, 2023 |

51. At the Phase 1 bid deadline, a number of bids were received. However, the Monitor, in accordance with the terms of the SISP, determined that one of the offers was deemed to be a “High Value LOI” and, as a result, the Monitor terminated the SISP on May 9, 2023 to pursue a definitive agreement with the party that submitted the High Value LOI, which was PEL. The Debtor and the Monitor are now in the process of negotiating the sale of the Dynamic Group’s assets to PEL through coming to terms on definitive documents.

RELIEF REQUESTED

52. The Foreign Representative seeks (i) recognition of the Canadian Proceeding under sections 1515, 1517 and 1520 of the Bankruptcy Code (provisional relief pursuant to section 1519 is not being sought),³ (ii) recognizing the Foreign Representative as the “foreign representative,” as defined in section 101(24) of the Bankruptcy Code, in respect of the Canadian Proceeding, (iii) recognizing and enforcing the CCAA Orders, (iv) the grant of a stay of execution against the Debtors’ assets and applying section 362 of the Bankruptcy Code in these Chapter 15 Cases pursuant to sections 1520(a)(1), 1521(a) and 105(a) of the Bankruptcy Code, and (v) granting of certain additional relief pursuant to section 1521 of the Bankruptcy Code. Accordingly, the Foreign Representative respectfully requests entry of the Order, substantially in the form attached hereto as **Exhibit A**, granting the following relief:

- (a) recognizing the Canadian Proceeding, pursuant to Bankruptcy Code section 1517, as a foreign main proceeding or, in the alternative, as a

³ The Foreign Representative has elected not to seek provisional relief at this time because it is not aware of any imminent threat to the Debtors’ assets located in the United States. Should circumstances change or the Foreign Representative becomes aware of additional facts, however, the Foreign Representative reserves the right to seek the Court’s assistance to protect the Debtors’ assets.

foreign nonmain proceeding, as such terms are defined in Bankruptcy Code section 1502(4) and 1502(5), respectively;

- (b) granting relief automatically and as of right upon recognition of the Canadian Proceeding as foreign main proceedings pursuant to section 1520(a), including, without limitation, section 362 of the Bankruptcy Code, which shall apply with respect to the Debtors and the Debtors' property that is now or in the future located within the territorial jurisdiction of the United States;
- (c) granting certain additional relief pursuant to sections 1521 and 1507 (to the extent it is not granted automatically and as of right upon recognition of the Canadian Proceeding as foreign main proceedings pursuant to section 1520(a)), including prohibiting all persons and entities, other than the Foreign Representative and his representatives and agents, from:
 - i. executing against any of the Debtors' assets;
 - ii. commencing or continuing, including the issuance or employment any actions inconsistent with the Canadian Proceeding and the SISP, and from seizing, attaching, and enforcing or executing 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 consent of the Foreign Representative;
 - iii. taking or continuing 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
 - iv. commencing any suit, action, or proceeding against the Debtors, the Foreign Representative, or any of their respective successors, directors, officers, agents, employees, representatives, advisors, or attorneys in respect of any claim or cause of action, in law or in equity, arising out of or relating to any action taken or omitted to be taken in connection with these chapter 15 cases, the Canadian Proceeding, and the SISP; and commencing or continuing an individual action or proceeding concerning the Debtors' assets, rights, obligations or liabilities; and
 - v. terminating or modifying an executory contract or unexpired lease at any time after the commencement of these chapter 15 cases solely because of a provision in such contract or lease is

conditioned upon the commencement of the Canadian Proceeding or a case under the Bankruptcy Code.

- (d) recognizing the CCAA Orders, including any and all existing and future extensions, amendments, restatements, and/or supplements authorized by the Canadian Court, and giving them full force and effect, on a final basis, with respect to the Debtors and the Debtors' property that now or in the future is located within the territorial jurisdiction of the United States, including, without limitation staying the commencement or continuation of any actions against the Debtors or their assets.
- (e) entrusting to the Debtors the administration or realization of all or part of the assets of the Debtors within the territorial jurisdiction of the United States;
- (f) granting the Foreign Representative the right and power to examine witnesses, take evidence or deliver information concerning the Debtors' assets, affairs, rights, obligations, or liabilities;
- (g) granting comity to and giving full force and effect to the Canadian Proceeding; and
- (h) awarding the Foreign Representative such other relief as this Court deems just and proper.

BASIS FOR RELIEF

I. The Debtors are Eligible for Chapter 15 Relief

53. Several courts have held that access to chapter 15 relief requires that the debtor only be subject to a foreign proceeding. *See In re Al Zawawi*, 634 B.R 11, 18 (M.D. Fla. 2022); *In re Bemarmara Consulting a.s.*, No. 13-13037, ECF Nos. 38 and 41 (Bankr. Del. Dec. 17, 2013). The Debtors easily satisfy this definition of a debtor found in section 1502(1) of the Bankruptcy Code since the Debtors are currently entities subject to foreign proceedings.

54. Other courts, however, have held that a Debtor must meet the general eligibility requirements under Bankruptcy Code section 109(a). *See Drawbridge Special Opportunities Fund LP v. Barnet (In re Barnet)*, 737 F.3d 238, 250 (2d Cir. 2013). Bankruptcy Code section 103(a) provides that chapter 1, which includes section 109(a), "appl[ies] in a case under chapter 15." 11 U.S.C. § 103(a). Section 109(a) provides that "[n]otwithstanding any other provision of

this section, only a person that resides or has a domicile, a place of business, or property in the United States, or a municipality, may be a debtor under this title.”

55. Here, the Debtors satisfy section 109(a) on multiple fronts. As noted herein, the Debtors operate their business by designing, manufacturing, and selling products in the United States and hold substantial property within the United States in the form of office spaces and inventory. The Debtors maintain multiple places of business in the United States, including the Arlington Office and the Orlando Facility. In addition, the Debtors’ U.S. inventory and equipment are located at these locations. Moreover, DAL satisfies section 109(a) through its ownership of the stock of DAI, a Delaware corporation. Under Delaware law, the situs of the stock of a Delaware corporation is in Delaware. *See* 8 Del. C. § 169 (“For all purposes of title, action, attachment, garnishment and jurisdiction of all courts held in this State, but not for the purpose of taxation, the situs of the ownership of the capital stock of all corporations existing under the laws of this State, whether organized under this chapter or otherwise, shall be regarded as in this State.”); *see also In re Global Ocean Carriers*, 251 B.R. at 38 (concluding that under Delaware law, a chapter 11 debtor that owned the capital stock of a Delaware corporation owned property in Delaware).

56. Further, the Debtors each hold additional property in the United States. First, DAI holds a bank account with a positive balance at Chase Bank in the United States. Second, as previously stated herein, Akerman LLP, as counsel to the Debtors, holds an undrawn retainer for each of the other Debtors in the Retainer Account located with Wells Fargo in Dallas, Texas. Such funds remain in the Retainer Account as of the date hereof and are the Debtors’ property. For each of these reasons, the Debtors satisfy section 109(a) of the Bankruptcy Code.

II. The Canadian Proceeding Meets the Requirements for Recognition as a Foreign Main Proceeding

57. The requirements for recognition of a foreign main proceeding are set forth in section 1517(a) of the Bankruptcy Code. Subject to section 1506, a foreign proceeding must be recognized if the following requirements are met:

- (i) such foreign proceeding for which recognition is being sought is a foreign main proceeding or foreign nonmain proceeding within the meaning of section 1502;
- (ii) the foreign representative applying for recognition is a person or body; and
- (iii) the petition meets the requirements of section 1515.

58. As detailed below, all the requirements of section 1517(a) are met, and thus this Court should recognize the Canadian Proceeding as foreign main proceedings.

A. The Canadian Proceeding is a Foreign Proceeding

59. The threshold requirement for recognition of a proceeding under section 1517(a) is that it must constitute a “foreign proceeding” within the meaning of 11 U.S.C. § 101(23); *See* 11 U.S.C. § 1517(a)(1); *In re Betcorp Ltd.*, 400 B.R. 266, 275 (Bankr. D. Nev 2009) (“As a preliminary matter . . . the court must determine whether [the proceeding] is a ‘foreign proceeding’ within the meaning of 11 U.S.C. § 101(23)).

60. Bankruptcy Code section 101(23) defines “foreign proceeding” as “a collective judicial or administrative proceeding in a foreign country, including an interim proceeding, under a law relating to insolvency or adjustment of debt in which proceeding the assets and affairs of the debtor are subject to control or supervision by a foreign court, for the purpose of reorganization or liquidation.”

61. There can be little doubt the Canadian Proceeding satisfies the requirements of section 101(23): the Canadian Proceeding is a collective judicial proceeding in which the assets and affairs are subject to the supervision of the Canadian Court. The CCAA provides for a

controlled reorganization or liquidation designed to enable financially distressed companies to maximize company value under the supervision of the Canadian Court and Monitor.

62. *First*, the Canadian Proceeding is a proceeding commenced pursuant to the CCAA, a Canadian law that governs corporate reorganizations and provides for an arrangement of a company's financial obligations. *See* CCAA § 44(a-e). For purposes of chapter 15 recognition, "the hallmark of a 'proceeding' is a statutory framework that constrains a company's actions and that regulates the final distribution of a company's assets." *In re Betcorp Ltd.*, 400 B.R. at 278. Because the Canadian Proceeding operates under such statutory framework, it satisfies the first factor of section 101(23) of the Bankruptcy Code.

63. *Second*, the Canadian Proceeding is judicial in character. A reorganization proceeding is judicial in character whenever a "court exercises its supervisory powers." *In re ABC Learning Ctrs. Ltd.*, 445 B.R. 318, 328 (Bankr. D. Del. 2010). Here, in the Amended Initial CCAA Order, the Canadian Court approved a sale process with the SISP and the Debtors have identified a likely purchaser. The Canadian Court will likely ultimately approve a sale of the Debtors' assets.

64. *Third*, the Canadian Proceeding is collective in nature in that all affected creditors are allowed to participate. *See In re Poymanov*, 571 B.R. 24, 33 (Bankr. S.D.N.Y. 2017) ("A proceeding is collective if it considers the rights and obligations of all of a debtor's creditors, rather than a single creditor."). The Canadian Proceeding is intended to affect creditors collectively, rather than to benefit any single creditor alone. Here, the Debtors have commenced the Canadian Proceeding with the goal of maximizing value for its creditors through a sale or investment under the protections of the CCAA . Affected creditors are entitled to intervene while

the Canadian Court considers the sale or investment of the Debtors' assets. Thus, the Canadian Proceeding is a quintessential collective proceeding.

65. *Fourth*, the Canadian Proceeding is conducted in a foreign country, Canada, and the Canadian Court that will oversee the case is located in Calgary, Alberta Canada.

66. *Fifth*, as described above, the CCAA is "a law relating to insolvency or adjustment of debt." Here there is no doubt that the Canadian Proceeding conducted under CCAA is a proceeding under either (a) "a law relating to insolvency" or (b) "a law relating to . . . adjustment of debt." Indeed, as noted above, the Debtors intend to pursue a sale or restructuring process under the CCAA, which will reorganize the Debtors' indebtedness.

67. *Sixth*, the Canadian Proceeding subjects the Debtors' assets and affairs to the supervision of the Canadian Court and the Monitor acts on behalf of all stakeholders to monitor and report to the Court on the Debtors activities during the pendency of the proceedings. Finally, the objective of the Canadian Proceeding is to effectuate a sale or investment transaction. The sale and investment process is overseen by the Canadian Court pursuant to the CCAA may provide for a plan of compromise or arrangement or a transaction that will allow its creditors to maximize recovery and a return in a restructured and financially healthy entity.

68. In addition, many courts have held that Canadian restructuring proceedings under the CCAA satisfy section 101(23)'s requirements. *E.g.*, *In re Hotel Solutions USA Inc.*, No. 11-31691 (Bankr. N.D. Tex. Mar. 10, 2011) [Docket No. 23]; *In re Acerus Pharma. Corp.*, No. 23-10111 (Bankr. D. Del. Feb. 27, 2023 [Docket No. 42] (recognizing a Canadian proceeding under the CCAA as a foreign proceeding); *In re CDS U.S. Holdings, Inc.*, No. 20-11719 (Bankr. D. Del. Jul. 21, 2020) [Docket No. 90] (same); *In re Entrec Corp.*, No. 20-32643 (Bankr. S.D. Tex. May 29, 2020) [Docket No. 36]; *In re Nygard Holdings (USA) Ltd.*, No. 20-10828 (DSJ) (Bankr.

S.D.N.Y. April 23, 2020) [Docket No. 40]; *In re Imperial Tobacco Canada Ltd.*, No. 19-10771 (JPM) (Bankr. S.D.N.Y. April 17, 2019) [Docket No. 40]; *In re U.S. Steel Canada, Inc.*, No. 17-11519 (MG) (Bankr. S.D.N.Y. July 31, 2017) [Docket No. 16]; *In re Argent Energy (Canada) Holdings, Inc.*, No. 16-20060 (Bankr. S.D. Tex. Feb. 2, 2016 [Docket No. 73]; *In re Lone Pine Res. Inc.*, No. 13-12487 (BLS) (Bankr. D. Del. Sept. 26, 2013) [Docket No. 18]; *In re Sino-Forest Corp.*, No. 13-10361 (MG) (Bankr. S.D.N.Y. Apr. 15, 2013) [Docket No. 16]; *In re Xentel Inc.*, No. 1310888 (KG) (Bankr. D. Del. Apr. 12, 2013) [Docket No. 15]; *In re Metcalf & Mansfield Alt. Invs.*, No. 09-16709 (MG) (Bankr. S.D.N.Y. Jan. 5, 2010) [Docket No. 28]; *In re Canwest Global Commc'ns Corp.*, No. 09-15994 (SMB) (Bankr. S.D.N.Y. Nov. 3, 2009) [Docket No. 34]; *In re Gandi Innovations Holdings, LLC*, 09-51782-C, 2009 WL 2916908 (Bankr. W.D. Tex. June 5, 2009); *In re Baronet U.S.A. Inc.*, No. 0713821 (JMP) (Bankr. S.D.N.Y. Jan. 10, 2008) [Docket No. 15].

B. The Chapter 15 Cases have been Commenced by a Duly Authorized Foreign Representative

69. The Foreign Representative is duly authorized to serve in its capacity as a foreign representative in these Chapter 15 Cases. The term “foreign representative” is defined under section 101(24) of the Bankruptcy Code as:

a person or body, including a person or body appointed on an interim basis, authorized in a foreign proceeding to administer the reorganization or the liquidation of the debtor’s assets or affairs or to act as a representative of such foreign proceeding.

11 U.S.C. § 101(24).

70. Pursuant to the Amended Initial CCAA Order, the Court appointed the Debtors and the Monitor as potential foreign representatives. Paragraphs 48 and 49 in the Initial CCAA Order and the Amended CCAA Order provide as follows:

48. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective 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 Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.
49. Each of the Applicants and the Monitor 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 Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

71. The Amended Initial CCAA Order authorized and empowered the Foreign Representative to act as a foreign representative in respect of the Canadian Proceeding, and authorized the Foreign Representative to file chapter 15 cases in the United States for the purpose of having the Canadian Proceeding recognized. Moreover, pursuant to section 1516(a) of the Bankruptcy Code, the Foreign Representative is presumed to be the foreign representative because it was identified as such in the Amended Initial CCAA Order. Accordingly, the Foreign Representative is a proper “foreign representative” within the meaning of section 101(24) of the Bankruptcy Code. *E.g.*, *In re UrtheCast Corp.*, No. 20-32353 (Bankr. D. Minn. Oct. 29, 2020) [No. 23]; *In re U.S. Steel Canada Inc.*, 571 B.R. 600, 612 (Bankr. S.D.N.Y. 2017) (holding that U.S Steel Canada Inc., a debtor, “is qualified to be the foreign representative.”); *In re Just Energy Group Inc.*, No. 21-30823 (MI) (Bankr. S.D. Tex. Apr. 2, 2021) [Docket No. 81].

C. The Debtors’ Center of Main Interests is Canada

72. The Bankruptcy Code provides that a foreign proceeding for which Chapter 15 recognition is sought must be recognized as a “foreign main proceeding” if it is pending in the

country where the debtor has its center of main interests or “COMI”. 11 U.S.C. §§ 1517(b)(1), 1502(4).

73. Although “center of main interests” is not defined in the Bankruptcy Code, courts have held the term COMI “generally equates with the concept of ‘principal place of business’ in the United States.” *In re Millennium Global Emerging Credit Master Fund Ltd.*, 458 B.R. 63, 72 (Bankr. S.D.N.Y. 2011) (quoting *In re Tri-Continental Exchange Ltd.*, 349 B.R. 627, 634 (E.D. Cal. 2006)); *In re Think3 Inc.*, No. 11-11925, 2011 Bankr. LEXIS 5349, at *17-18 (Bankr. W.D. Tex. Sept. 12, 2011 (“[Courts have often equated a corporate debtor’s COMI with the debtor’s ‘principal place of business.’ Recently the U.S. Supreme Court held that a corporation’s ‘principal place of business’ is the place where a corporation’s officers direct, control, and coordinate the corporate’s activities, otherwise known as its ‘nerve center.’”) (quoting *Hertz Corp.*, 559 U.S. 77, 93-94 (2010)); *see also In re Basis Yield Alpha Fund (Master)*, 381 B.R. 37, 48 (Bankr. S.D.N.Y. 2008) (using COMI and “principal place of business” interchangeably). Stated differently, courts have generally found the COMI to be where the debtor conducts its regular business and, therefore, is a place ascertainable by third parties. *See Morning Mist Holdings Ltd. v. Kryz (In re Fairfield Sentry Ltd.)*, 714 F.3d 127, 136 (2d Cir. 2013) (“[t]he relevant principle . . . is that COMI lies where the debtor conducts its regular business, so that the place is ascertainable by third parties”); *In re Basis Yield Alpha Fund (Master)*, 381 B.R. 37 (Bankr. S.D.N.Y. 2008); *In re Bear Stearns High-Grade Structured Credit Strategies Master Fund, Ltd.*, 374 B.R. 122 (Bankr. S.D.N.Y. 2007), *aff’d*, 389 B.R. 325 (S.D.N.Y. 2008). In the absence of evidence to the contrary, the debtor’s registered office is presumed to be the center of the debtor’s main interests. 11 U.S.C. § 1516(c).

74. In undertaking a COMI analysis, courts may consider “any relevant activities, including liquidation activities and administrative functions . . . , the location of the debtor’s headquarters, the location of those who actually manage the debtor . . . , the location of the debtor’s primary assets, the location of the majority of the debtor’s creditors or of a majority of the creditors who would be affected by the case; and/or the jurisdiction whose law would apply to most disputes.” *In re Suntech Power Holdings Co.*, 520 B.R. 399, 416 (Bankr. S.D.N.Y. 2014) (citing *Morning Mist Holdings Ltd. v. Kryz (In re Fairfield Sentry Ltd.)*, 714 F.3d 127, 137 (2d Cir. 2013)); *In re Ran*, 607 F.3d 1017, 1023 (5th Cir. 2010). In addition, courts “may consider the location of the debtor’s ‘nerve center,’ ‘including from where the debtor’s activities are directed and controlled.’” *Suntech*, 520 B.R. at 416 (quoting *Fairfield Sentry Ltd.*, 714 F.3d at 138 n.10). Notably, the analysis of a foreign debtor’s center of main interests is a flexible one, as “courts do not apply any rigid formula or consistently find one factor dispositive.” *In re Betcorp Ltd.*, 400 B.R. at 290.

75. The Debtors unquestionably have their COMI in Canada and, thus, the Canadian Proceeding qualify as a “foreign main proceeding” as defined in section 1502(4) of the Bankruptcy Code for the following reasons:

- DTG, the ultimate parent of the Dynamic Group, is incorporated in Canada and has its registered office in Canada.
- DTG is a public company traded on the TSX and must comply with the reporting requirements of the Canadian Securities Administrators (which serves the same role as the Securities and Exchange Commission in the United States).
- The Dynamic Group’s operations occur—by far—out of Canada, mostly in Vancouver where the Debtors’ principal design, manufacturing, and warehouse facility is located, but also in the Winnipeg Office and Toronto Office.
- As of the date of the commencement of the Canadian Proceeding, the Debtors had approximately 203 of their 231 employees in Canada and pay payroll taxes to the

Canadian government; as of the date of this Verified Petition for Recognition the Debtors had approximately 16 of their 25 employees in Canada.

- The board of directors of each of the Debtors holds all board meetings in Canada, and the members of the Debtor's board of directors are mostly Canadian. Indeed 12 of the 18 board of director spots for the entire Dynamic Group are Canadian citizens.
- The Company's strategic decision-making and management functions occur in Canada, where senior management is located.
- Personnel who perform centralized administrative functions for the entire enterprise are located in Canada.
- The Cash Management System revolves around its main operating accounts located at CIBC in Canada.
- Many of the Company's principal contracts are governed by Canadian law, including the PEL Agreement and ERC Agreement, which are governed by the laws of Canada.
- All insurance policies are managed in Canada.
- All accounting audits are done by Grant Thornton LLP's Toronto, Ontario office.
- Most of the Dynamic Group's creditors are located in Canada.

76. In short, there is no question that the "nerve center" of the Company is located in Canada.

77. Notably, the non-Canadian status of DAI, one of the Debtors, is not an impediment to the COMI analysis. Courts have previously recognized CCAA proceedings for non-Canadian subsidiaries as "foreign main proceedings," given that they, as is the case here, were part of a jointly-administered CCAA proceeding with their Canadian parent. *E.g.*, *In re The John Forsyth Shirt Co. Ltd.*, Case No. 13-10526 (SCC) (Bankr. S.D.N.Y. Mar. 18, 2013) [Docket No. 24]; *In re Essar Steel Algoma Inc.*, Case No. 15-12271 (BLS) (Bankr. D. Del. Dec. 1, 2015) [Docket No. 97]; *In re Talon Sys. Inc.*, Case No. 13-11811 (KJC) (Bankr. D. Del. Aug. 30, 2013) [Docket No. 49]; *In re Arctic Glacier Int'l Inc.*, Case No. 12-10605 (KG) (Bankr. D. Del. Mar. 16, 2012) [Docket No. 70]; *In re Catalyst Paper Corp.*, Case No. 12-10221 (PJW)

(Bankr. D. Del. March 5, 2012) [Docket No. 89]; *In re Angiotech Pharm., Inc.*, Case No. 11-10269 (KG) (Bankr. D. Del. Feb. 22, 2011) [Docket No. 83]. In addition, given the additional information regarding Debtors' operational and functional integration through centralized management, accounting, cash management, and sales that has been presented herein, the center of main interests for all of the Debtors is clearly in Canada.

D. In the Alternative, the Canadian Proceeding Should be Recognized as a Foreign Nonmain Proceeding

78. In the alternative, were this Court to deny recognition of the Canadian Proceeding as a foreign main proceeding, it should grant recognition of the Canadian Proceeding as a foreign nonmain proceeding. Pursuant to the Bankruptcy Code, a "foreign nonmain proceeding" is defined as a "foreign proceeding" pending in a country where the debtor has an "establishment" within the meaning of section 1502. 11 U.S.C. § 1517(b)(2). "Establishment" is broadly defined in the Bankruptcy Code as "any place of operations where the debtor carries out a nontransitory economic activity." 11 U.S.C. § 1502(2). To satisfy this definition, a debtor must have "a seat for local business activity in the foreign country" and this activity must have a "local effect on the marketplace." *In re Mood Media Corp.*, 569 B.R. 556, 561-62 (Bankr. S.D.N.Y. 2017). Here, the Vancouver Production Facility, the Debtors' largest manufacturing and warehouse facility (i) is located in Canada, (ii) produces all products of the Dynamic Group's core business, and (iii) has the vast majority of Canadian employees. The Foreign Representative submits that it cannot be disputed that the Vancouver Production Facility is a "seat for local business activity" in Canada that has a local effect on the marketplace, given that the products and designs manufactured at the Vancouver Production Facility are used to fulfill certain customer orders in Canada. Further, because, as described above, the Debtors are operationally and functionally integrated, the Court can easily determine that each of the Debtors carries out non-transitory economic activity in

Canada through the Company's Vancouver Production Facility and the location of management, directors, officers, bank accounts, and employees.⁴ For these reasons, the Foreign Representative submits that the Court should find that each of the Debtors has an "establishment" in Canada within the meaning of Bankruptcy Code section 1502(2) and, if the Canadian Proceeding are not recognized as foreign main proceedings, recognize the Canadian Proceeding as foreign nonmain proceedings.

E. The Petitions Meet the Requirements of Bankruptcy Code Section 1515

79. These Chapter 15 Cases were duly and property commenced by filing the Petitions and this Verified Petition accompanied by all fees, documents, and information required by the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, including: (i) a corporate ownership statement containing the information described in Bankruptcy Rule 7007.1; (ii) a list containing (a) the names and addresses of all persons or bodies authorized to administer foreign proceedings of the Debtors, (b) all parties to litigation pending in the United States in which the Debtors are a party at the time of the filing of the chapter 15 petitions, and (c) all entities against whom provisional relief is being sought under section 1519 of the Bankruptcy Code, which is inapplicable here since the Debtors are not seeking provisional relief at this time; (iii) a statement identifying all foreign proceedings with respect to the Debtors that are known to the Foreign Representative; and (iv) certified copies of the CCAA Orders.

80. Having filed the above-referenced documents and because the Court is entitled to presume the authenticity of such documents filed in connection with the Petitions under section

⁴ As noted in paragraph 23, *supra*, generally the Dynamic Group's customers are invoiced as follows: (a) DAL invoices customers for the projects in Canada, the United States, and internationally; (b) DAI invoices customers for parts and service jobs that are performed in the United States and internationally; (c) DSL invoices DAL for engineering services provided to DAL in the production of rides and invoices customers in Canada and the United States. All invoices are paid to Canadian banks. This business practice of each Debtor invoicing different groups of customers for the benefit of the entire enterprise further supports the contention of the Foreign Representative that each of the Debtors has "a local effect on the marketplace" in Canada.

1516(b) of the Bankruptcy Code, the requirements of section 1515 of the Bankruptcy Code have been met.

F. The Relief Requested is Consistent with United States Public Policy and the Policy Behind the Bankruptcy Code

81. The purpose of chapter 15 is set forth in section 1501 and includes: (i) cooperation between courts of the United States and the courts and other competent authorities of foreign countries involved in cross-border insolvency cases; (ii) greater legal certainty for trade and investment; (iii) fair and efficient administration of cross-border insolvencies that protect the interests of all creditors, and other interested entities, including the debtor; (iv) protection and maximization of the value of the debtor's assets; and (v) facilitation of the rescue of financially troubled businesses, thereby protecting investment and preserving employment. *See* 11 U.S.C. § 1501. Recognition of the Canadian Proceeding as foreign main proceedings will facilitate an orderly and equitable cross-border wind-down of the Debtors' business. Such orderly administration is demonstrably consistent with the public policy of the United States and the Bankruptcy Code.

82. Recognition of the Canadian Proceeding would also promote the fair and efficient administration of a cross-border liquidation procedure that protects the interests of all creditors and interested parties. By recognizing the Canadian Proceeding and granting the relief requested, the process of resolving claims against the Debtors would be centralized in Canada. Claims would be treated in accordance with a court-approved distribution order that comports with Canadian law, and any disputes would be subject to the uniform jurisdiction of one tribunal, the Canadian Court.

III. This Court Should Extend Comity and Cooperation to the Canadian Proceeding

83. Upon recognition of a foreign proceeding under section 1517, a U.S. court should grant comity or cooperation to the foreign representative. 11 U.S.C. § 1509(b)(3). This requirement is subject to any limitations that the court may impose consistent with the policy of chapter 15. *Id.* §§ 1509(b); 1506. Consistent with section 1501, the court shall cooperate to the maximum extent possible with a foreign court or a foreign representative. *Id.*; § 1525(a). Accordingly, the Monitor seeks comity and cooperation of this Court with respect to the Canadian CCAA Orders.

84. A central tenet of chapter 15 is the importance of comity in cross-border insolvency proceedings. *Ad Hoc Grp. of Vitro Noteholders v. Vitro SAB De CV (In re Vitro SAB De CV)*, 701 F.3d 1031, 1053 (5th Cir. 2012).

85. The Supreme Court defined comity over a century ago as follows:

“Comity,” in the legal sense, is neither a matter of absolute obligation, on the one hand, nor of mere courtesy and good will, upon the other. But it is the recognition which one nation allows within its territory to the legislative, executive, or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens, or of other persons who are under the protection of its laws.

Hilton v. Guyot, 159 U.S. 113, 143 (1895); *see also Vitro*, 701 F.3d at 1043–44.

86. The exceptions to comity are construed especially narrowly when the foreign jurisdiction is like Canada, a sister common law jurisdiction with procedures akin to those in the United States. *Clarkson Co. v. Shaheen*, 544 F.2d 624, 630 (2d Cir. 1976) (holding that not recognizing the Canadian judgment at issue would contravene the public policy of New York); *In re Petition of Davis*, 191 B.R. 577, 587 (Bankr. S.D.N.Y. 1996) (“Courts in the United States uniformly grant comity to Canadian Proceeding . . . consistent with the treatment accorded by federal courts to foreign proceedings in ‘sister common law jurisdictions.’”).

87. The extension of comity to Canadian orders has continued since the 2005 enactment of chapter 15. *Raymond Chabot, Inc. v. Serge Côté Family Trust*, No. 6:14-cv-03392, 2014 U.S. Dist. LEXIS 117128, at *6 (D.S.C. Aug. 22, 2014) (entering temporary restraining order assisting Canadian bankruptcy receiver and noting “the widely-accepted view that Canadian judgments are entitled to recognition and enforcement here”); *Collins v. Oilsands Quest, Inc.*, 484 B.R. 593, 597 (S.D.N.Y. 2012) (holding that comity required deference to the procedures set forth in the Canadian insolvency proceeding and enforcement of the stay granted by the Canadian court and not a redetermination of whether a stay should have issued at all); *In re Metcalfe & Mansfield*, 421 B.R. at 698–99 (extending comity to Canadian CCAA order providing for a third party release and citing numerous cases where American courts have extended comity to Canadian judgments).

IV. Mandatory Relief Under Section 1520

88. Upon recognition of the Canadian Proceeding as a foreign main proceeding, the Petitioners are automatically entitled to certain relief under section 1520(a). Section 1520(a) provides that, upon recognition of a foreign main proceeding:

- (1) sections 361 and 362 apply with respect to the debtor and the property of the debtor that is within the territorial jurisdiction of the United States;
- (2) sections 363, 549, and 552 apply to a transfer of an interest of the debtor in property that is within the territorial jurisdiction of the United States to the same extent that the sections would apply to property of an estate;
- (3) unless the court orders otherwise, the foreign representatives may operate the debtor’s business and may exercise the rights and powers of a trustee under and to the extent provided by sections 363 and 552; and
- (4) section 552 applies to property of the debtor that is within the territorial jurisdiction of the United States.

11 U.S.C. § 1520(a).

89. As these benefits flow automatically from the recognition of the Canadian Proceeding as a foreign main proceeding, the Petitioners respectfully submit that no further showing is required, including with respect to the automatic stay provided for in section 362 of the Bankruptcy Code. *See* 11 U.S.C. § 1520(a)(1); *see also* 11 U.S.C. § 362 (a) (providing for an automatic stay of proceedings against the debtor and property of the estate).

V. Additional Relief Pursuant to Section 1521

90. In connection with recognition of the Canadian Proceeding, the Foreign Representative seeks certain related relief, including enforcement of the CCAA Orders in the United States, and application of sections 361, 362, and 365(e) of the Bankruptcy Code in these chapter 15 cases. The Foreign Representative respectfully submits that such relief is warranted under sections 105(a), 1507 and 1521 of the Bankruptcy Code and the general principles of comity that underpin chapter 15.

91. Upon recognition of a foreign proceeding, section 1521(a) authorizes the Court to grant “any appropriate relief” at the request of the recognized 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.” Such relief may include:

- staying the commencement or continuation of an individual action or proceeding concerning the debtor’s assets, rights, obligations or liabilities to the extent they have not been stayed under section 1520(a) of the Bankruptcy Code;
- staying execution against the debtor’s assets to the extent it has not been stayed under section 1520(a) of the Bankruptcy Code;
- suspending the right to transfer, encumber or otherwise dispose of any assets of the debtor to the extent this right has not been suspended under section 1520(a) of the Bankruptcy Code; and

- granting any additional relief that may be available to a trustee, except for relief available under sections 522, 544, 545, 547, 548, 550, and 724(a) of the Bankruptcy Code.

92. The Court may grant relief under section 1521(a) of the Bankruptcy Code if the interests of “the creditors and other interested entities, including the debtor, are sufficiently protected.” 11 U.S.C. § 1522(a). Similarly, section 1507 of the Bankruptcy Code provides that, “if recognition is granted,” a court “may provide additional assistance to a foreign representative under this title or under other laws of the United States.” 11 U.S.C. § 1507. Finally, section 105(a) of the Bankruptcy Code provides that the “court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title.”

93. The Foreign Representative requests the Court exercise its discretion under sections 105, 1507, and 1521 to grant the relief requested insofar as such relief exceeds that which is available by recognizing the Canadian Proceeding as a foreign main proceeding and the Foreign Representative as a “foreign representative” as specified in the Bankruptcy Code. The granting of such relief is consistent with the goals of international cooperation and assistance to foreign courts embodied in chapter 15 of the Bankruptcy Code, and is a necessary to effect the Canadian Proceeding and Restructuring Transactions. If granted, such relief would promote all of the legislatively enumerated objectives of section 1501(a) of the Bankruptcy Code.

94. Indeed, by the Initial CCAA Orders, the Canadian Court expressly requested the assistance of the courts in the United States in the following provision:

This [Canadian] Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective 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 Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any

foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

Initial CCAA Order ¶ 48.

95. Thus, in addition to the reasons set forth above, this Court should give full force and effect in the United States to the CCAA Orders in the United States under well-established principles of international comity and specifically pursuant to sections 105(a), 1507, and 1521 of the Bankruptcy Code.

96. Fair and efficient administration of the Canadian Proceeding that protects all parties in interest requires that all creditors be bound by the terms of the CCAA Orders and Canadian Proceeding as sanctioned by the Canadian Court. *See Victrix S.S. Co., S.A. v. Salen Dry Cargo A.B.*, 825 F.2d 709, 714 (2d Cir. 1987) (“The equitable and orderly distribution of a debtor’s property requires assembling all claims against the limited assets in a single proceeding; if all creditors could not be bound, a plan of reorganization would fail.”); *In re Energy Coal S.P.A.*, 582 B.R. 619, 626–27 (Bankr. D. Del. 2018) (acknowledging the broad principles of comity applied by U.S. courts in both recognition of foreign bankruptcies and post-recognition relief granted to foreign representatives). If the sale of the Debtors’ assets as contemplated by the Canadian Proceeding and CCAA Orders are not fully respected in the United States, there is a risk that certain of the Debtors’ creditors and contract or lease counterparties could bring proceedings in the United States against the Debtors or other parties protected by the CCAA Orders. If such creditors can effectively evade the terms of the CCAA Orders by commencing actions in the United States, the Debtors and others involved in the Canadian Proceeding would be required to defend any such proceedings and deplete the resources of the restructured business and prejudice its reorganized value. Therefore, relief requested by the Debtors is required to prevent individual creditors acting to frustrate the purposes of the binding CCAA Orders, the

foremost of which is the fair and efficient administration of the Canadian Proceeding to maximize value for all creditors.

CONCLUSION

97. The Foreign Representative respectfully submits that the Petitions satisfy the requirements for the recognition of DTG as the Debtors' "foreign representative" and the Canadian Proceeding as a "foreign main proceeding" and further requests entry of the Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and all other relief as this Court deems just and proper.

Dated: May 17, 2023

Respectfully submitted,

AKERMAN LLP

By: R. Adam Swick
R. Adam Swick, SBN 24051794
500 West 5th Street, Suite 1201
Austin, Texas 78701
Telephone: (737) 999-7100
Facsimile: (512) 623-6701
adam.swick@akerman.com

David W. Parham, SBN: 15459500
Laura M. Taveras, SBN: 24127243
2001 Ross Avenue, Suite 3600
Dallas, TX 75201
Telephone: (214) 720-4300
Facsimile: (214) 981-9339
david.parham@akerman.com
laura.taveras@akerman.com

Counsel for the Foreign Representative

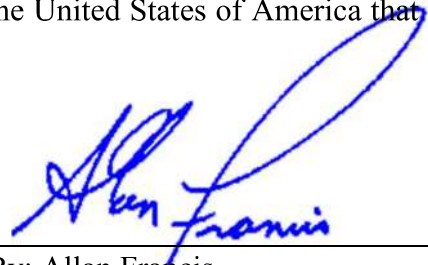
VERIFICATION OF PETITION

I, Allan Francis, pursuant to 28 U.S.C. § 1746, hereby declare under penalty of perjury under the laws of the United States of America as follows:

I am the Corporate Secretary and Vice-President of Corporate Affairs and Administration of Dynamic Technologies Group, Inc., the authorized foreign representative for the Debtors. As such, I have full authority to verify the foregoing Verified Petition on behalf of the Debtors.

I have read the foregoing Verified Petition, and I am informed and believe that the factual allegations contained therein are true and accurate to the best of my knowledge, information and belief. I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: May 17, 2023
Montreal, Canada



By: Allan Francis
Title: Chief Financial Officer
Dynamic Technologies Group, Inc.

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

| | | |
|--|----------------------------|---|
| In re: DYNAMIC TECHNOLOGIES GROUP INC., <i>et al.</i> , ¹ Debtors in a Foreign Proceeding. |)))))) | Chapter 15 Case No. 23-41416 (Joint Administration Requested) |
|--|----------------------------|---|

**ORDER GRANTING RECOGNITION OF FOREIGN MAIN
PROCEEDING AND ADDITIONAL RELIEF**

Upon consideration of the *Verified Petition for Recognition of Foreign Main Proceedings, and Additional Relief under Chapter 15 of the Bankruptcy Code* (together with the form petitions filed concurrently therewith, the “Verified Petition”)², filed by the Foreign Representative as the

¹ The Debtors in these Chapter 15 cases, along with the last four digits of the Debtors’ unique identifier are: DYNAMIC TECHNOLOGIES GROUP INC. (CA. BN 863055893); DYNAMIC ATTRACTIONS, INC. (EIN 98-1016243); DYNAMIC ATTRACTIONS LTD. (CA. BN 101632677); DYNAMIC ENTERTAINMENT GROUP LTD. (CA. BN 703755496 CR0001); DYNAMIC STRUCTURES LTD. (CA. BN 794519280 RC0001). Additional information regarding this case may be obtained on the Monitor’s website for this case at <http://cfcanada.fticonsulting.com/dynamicgroup/>.

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

“foreign representative” of the above-captioned debtors (collectively, the “Debtors” or the “Dynamic Group”); and upon the hearing on the Verified Petition and this Court’s review and consideration of the Verified Petition and the Francis Declaration; and the Court having determined that the relief sought in the Petition is in the best interests of the Dynamic Group, its creditors and all parties in interest; and the Court having considered the evidence and statements regarding the Verified Petition in the documents filed with the Court; and it appearing that no other or further notice need be given under the circumstances; and the Court having considered the evidence and statements regarding the Petition in the documents filed with the Court; and it appearing that this Court has jurisdiction to consider the Petition pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of the Chapter 15 case and the Petition in this District is proper pursuant to 28 U.S.C. § 1410(1); and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); and the Court having found and determined that the relief sought in the Petition is consistent with the purpose of Chapter 15 of the Bankruptcy Code and that the legal and factual bases set forth in the Petition establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefore, it is **HEREBY FOUND AND DETERMINED THAT:**

A. These chapter 15 cases were properly commenced pursuant to sections 1504, 1509, and 1515 of the Bankruptcy Code.

B. The Debtors have their domicile, principal place of business, and/or property in the United States and are subject to a foreign proceeding and thus the Debtors are each eligible to be a debtor in a chapter 15 case..

C. The Dynamic Technologies Group Inc. ("DTG" or "Foreign Representative") is a “person” pursuant to section 101(41) of the Bankruptcy Code and is the duly appointed “foreign

representative” of the Debtors as such term is defined in section 101(24) of the Bankruptcy Code. The Foreign Representative has satisfied the requirements of section 1515 of the Bankruptcy Code and Bankruptcy Rule 1007(a)(4).

D. The Canadian Proceedings are entitled to recognition by this Court pursuant to section 1517 of the Bankruptcy Code.

E. The Canadian Proceeding is pending in Canada, where the Debtors have the “center of [their] main interests” as referred to in section 1517(b)(1) of the Bankruptcy Code. Accordingly, the Canadian Proceedings are “foreign main proceedings” pursuant to section 1502(4) of the Bankruptcy Code, and are entitled to recognition as foreign main proceedings pursuant to section 1517(b)(1) of the Bankruptcy Code.

F. The Foreign Representative is entitled to all the relief provided pursuant to sections 1507, 1519, 1520, and 1521(a) and (b), and of the Bankruptcy Code, because those protections are necessary to effectuate the purposes of chapter 15 of the Bankruptcy Code and to protect the assets of the Debtors and the interests of the Debtors’ creditors.

G. Good, sufficient, appropriate, and timely notice of the filing of, and the hearing on (to the extent necessary), the Verified Petition was given, which notice was deemed adequate for all purposes, and no further notice need be given.

H. The relief granted hereby is necessary to effectuate the purposes and objectives of chapter 15 and to protect the Debtors and their interests of its creditors and other parties in interest, is in the interest of the public and international comity, consistent with the public policy of the United States, and will not cause any hardship to any party in interest that is not outweighed by the benefits of the relief granted. Absent the requested relief, the efforts of the Debtors and the Foreign Representative in conducting the Canadian Proceedings and the sale and investment

process may be frustrated by the actions of individual creditors, a result contrary to the purposes of chapter 15.

IT IS HEREBY ORDERED THAT:

1. The Verified Petition is granted.
2. The Canadian Proceeding is recognized as foreign main proceeding pursuant to section 1517 of the Bankruptcy Code and are entitled to the protections of 11 U.S.C. § 1520(a), including, without limitation, the application of the protection afforded by the automatic stay under 11 U.S.C. § 362 to the Debtors and to the Debtors' property that is within the territorial jurisdiction of the United States.
3. Dynamic Technologies Group Ltd. is the duly appointed foreign representative of the Debtors within the meaning of 11 U.S.C. § 101(24), is authorized to act on behalf of the Debtors in these chapter 15 cases, and is established as the exclusive representative of the Debtors in the United States.
4. The CCAA Orders, including any and all existing and future extensions, amendments, restatements, and/or supplements authorized by the Canadian Court, are hereby given full force and effect, on a final basis, with respect to the Debtors and the Debtors' property that now or in the future is located within the territorial jurisdiction of the United States, including, without limitation staying the commencement or continuation of any actions against the Debtors or its assets (except as otherwise expressly provided herein or therein).
5. All objections, if any, to the Verified Petition or the relief requested therein that have not been withdrawn, waived, or settled by stipulation filed with the Court, and all reservations of rights included therein, are hereby overruled on the merits.
6. Upon entry of this order (this "Order"), the Canadian Proceedings and all prior

7. orders of the Canadian Court shall be and hereby are granted comity and given full force and effect in the United States and, among other things:

- a. the protections of sections 361, 362, and 365(e) of the Bankruptcy Code apply to the Debtors;
- b. all persons and entities are enjoined from taking any actions inconsistent with the Canadian Proceedings and the sale or investment process, and from seizing, attaching, and enforcing or executing 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 consent of the Foreign Representative;
- c. all persons and entities are enjoined from commencing or continuing, 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;
- d. all persons and entities are enjoined from commencing any suit, action, or proceeding against the Debtors, the Foreign Representative, or any of their respective successors, directors, officers, agents, employees, representatives, advisors, or attorneys in respect of any claim or cause of action, in law or in equity, arising out of or relating to any action taken or omitted to be taken in connection with these chapter 15 cases, the Canadian Proceedings, and the sale or investment process; and
- e. all persons and entities are enjoined from terminating or modifying an executory contract or unexpired lease at any time after the commencement of these chapter 15 cases solely because of a provision in such contract or lease is conditioned upon the commencement of the Canadian Proceedings or a case under the Bankruptcy Code.

8. The Foreign Representative and the Debtors shall be entitled to the full protections and rights enumerated under section 1521(a)(4) and (5) of the Bankruptcy Code, and accordingly, the Foreign Representative:

- a. is entrusted with the administration or realization of all or part of the Debtors' assets located in the United States; and

- b. has the right and power to examine witnesses, take evidence or deliver information concerning the Debtors' assets, affairs, rights, obligations, or liabilities.

9. All parties who believe they have a claim against any of the Debtors are obligated to file such claim in, and only in, the Canadian Proceedings.

10. The Foreign Representative is hereby established as the representative of the Debtors with full authority to administer the Debtors' assets and affairs in the United States, including, without limitation, making payments on account of the Debtors' prepetition and postpetition obligations.

11. The Foreign Representative, the other Debtors, and their respective agents are authorized to serve or provide any notices required under the Bankruptcy Rules or Local Rules of this Court.

12. No action taken by the Foreign Representative, the other Debtors, or their respective successors, agents, representatives, advisors, or counsel in preparing, disseminating, applying for, implementing, or otherwise acting in furtherance of or in connection with the Canadian Proceedings, this Order, these chapter 15 cases, or any adversary proceeding herein, or contested matters in connection therewith, will be deemed to constitute a waiver of any immunity afforded the Foreign Representative, including without limitation pursuant to sections 306 or 1510 of the Bankruptcy Code.

13. 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 and at the direction of the Foreign Representative or the Debtors, as the case may be.

14. The Foreign Representative is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

15. This Order is without prejudice to the Foreign Representative requesting any additional relief in the chapter 15 cases, including seeking recognition and enforcement by this Court of any further orders issued in the Canadian Proceedings.

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

17. A copy of this Order shall be served (i) within five business days of entry of this order, by electronic mail to the extent email addresses are available and otherwise by U.S. mail, overnight or first-class postage prepaid, upon the Notice Parties (as defined in the *Application for Order (the, (I) Specifying Form and Manner of Service and Notice (II) and Setting Deadline for Objections and Replies; and (III) Scheduling a Hearing on Recognition and Additional Relief (the "Recognition Hearing")*) and such other entities as the Court may direct. Such service shall be good and sufficient service and adequate notice for all purposes.

18. 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.

19. Notwithstanding any applicability of any Bankruptcy Rules, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry and shall constitute a final order within the meaning of 28 U.S.C. § 158(a).

20. This Order applies to all parties in interest in these chapter 15 cases and all of their agents, employees, and representatives, and all those who act in concert with them who receive notice of this Order.

Order Submitted by:

Akerman LLP

/s/ R. Adam Swick

R. Adam Swick, SBN 24051794

500 West 5th Street, Suite 1201

Austin, Texas 78701

Telephone: (737) 999-7100

Facsimile: (512) 623-6701

adam.swick@akerman.com

David W. Parham, SBN: 15459500

Laura M. Taveras, SBN: 24127243

2001 Ross Avenue, Suite 3600

Dallas, TX 75201

Telephone: (214) 720-4300

Facsimile: (214) 981-9339

david.parham@akerman.com

laura.taveras@akerman.com

Counsel for the Foreign Representative