



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

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NO. ON LIST: 4

TITLE OF PROCEEDING: LIGADO NETWORKS LLC et al.

BEFORE: JUSTICE CAVANAGH

PARTICIPANT INFORMATION

For Applicant:

Name of Person Appearing	Name of Party	Contact Info
John Salmas	Counsel for the Applicant, Ligado the Applicant, Networks LLC	john.salmas@dentons.com
Mark Freake		mark.freake@dentons.com

For Respondent:

Name of Person Appearing	Name of Party	Contact Info

For Other:

Name of Person Appearing	Name of Party	Contact Info
Ashley Taylor	Counsel for the Proposed Information Officer, FTI Consulting Canada Inc. – Jim Robinson	ataylor@stikeman.com
Brittney Ketwaroo		bketwaroo@stikeman.com
Caitlin McIntyre	Counsel for the Ad Hoc Cross- Holder Group	caitlin.mcintyre@blakes.com

ENDORSEMENT OF JUSTICE CAVANAGH:

[1] The Applicant, Ligado Networks LLC (“Ligado”), on its own behalf and in its capacity as proposed foreign representative (in such capacity, the “Proposed Foreign Representative”) of Ligado Networks Corp., Ligado Networks Holdings (Canada) Inc., Ligado Networks (Canada) Inc., ATC Technologies, LLC, Ligado Networks Inc. of Virginia, One Dot Six LLC, One Dot Six TVCC LLC, Ligado Networks Subsidiary LLC, Ligado Networks Finance LLC and Ligado Networks Build LLC (collectively with Ligado, the “Debtors”) brings this application for certain relief pursuant to Part IV of the *Companies’ Creditors Arrangement Act*, as amended (the “*CCAA*”) and, specifically, for the following Orders:

- a. an initial recognition order (foreign main proceeding) (the “Initial Recognition Order”), among other things:
 - i. appointing Ligado as “foreign representative”, as defined in section 45 of the *CCAA*, of the Debtors;
 - ii. declaring that the Centre of Main Interest (“COMI”) of each of the Debtors is the United States of America and recognizing the Chapter 11 cases commenced by the Debtors in the United States Bankruptcy Court for the District of Delaware (“U.S. Court”) under Chapter 11 of title 11 of the U.S. *Bankruptcy Code* as a “foreign main proceeding”, as defined in section 45 of the *CCAA*;
 - iii. granting a stay of proceedings in Canada in respect of the Debtors, including the property, business, directors and officers of the Debtors; and
 - iv. requiring the Information Officer, on behalf of the Foreign Representative, to publish notice of the proceeding pursuant to subsection 53 (b) of the *CCAA*; and
- b. a supplemental order (foreign main proceeding) (the “Supplemental Order”), among other things:
 - i. recognizing in Canada and enforcing certain orders of the U.S. Court made in the Chapter 11 Cases (collectively, the “First Day Orders”);
 - ii. appointing FTI Consulting Canada Inc. (“FTI Canada”) as the information officer in respect of this proceeding (in such capacity, the “Inference Officer”);

- iii. staying any claims, rights, liens or proceedings against or in respect of the Debtors, the business and property of the Debtors and the directors and officers of the Debtors;
- iv. restraining the right of any person or entity to, among other things, discontinue or terminate any supply of products or services to the Debtors;
- v. granting a super-priority charge up to the maximum amount of CA \$750,000 over the Debtors' property, in favour of the Information Officer and its counsel, and the Foreign Representative's Canadian counsel, as security for their professional fees and disbursements incurred in respect of these proceedings (the "Administration Charge"); and
- vi. granting a super-priority charge over the Debtors' property (the "DIP Lender's Charge") which shall be consistent with the liens and charges granted by the interim DIP Order entered by the U.S. Court in the Chapter 11 Cases.

[2] The facts in support of this application are set out in the affidavit of Douglas Smith sworn January 14, 2025. The proposed Information Officer filed a Pre-filing Report dated January 14, 2025. The facts are summarized in Ligado's factum, at paras. 7-22.

[3] The Debtors are a mobile communications company that operates a satellite network across North America that has been providing mobile satellite services to government and commercial customers for over 25 years. In the near term, Ligado is planning to evolve its satellite services to easily integrate with terrestrial networks and to communicate directly to standard mobile devices. In addition, Ligado has the authority to develop terrestrial-based solutions for both 5G public and private networks using its coordinated licensed and leased spectrum in the "L-Band", located in the one to two GHz spectrum category, known as the lower-mid-band.

[4] For reasons explained in the Smith affidavit, the Debtors face critical liquidity challenges and have sought breathing room through the Chapter 11 Cases and these recognition proceedings to, among other things, pursue its complaints in U.S. litigation described in the Smith affidavit and effectuate a comprehensive restructuring to emerge on stable footing.

[5] Three of the Debtors, each of which is a subsidiary of Ligado, are Canadian companies: Ligado Networks Corp. ("Networks Corp."), Ligado Networks Holdings (Canada) Inc. ("Holdings") and Ligado Networks (Canada) Inc. ("Networks Inc." and, collectively with Networks Corp. and Holdings, the "Canadian Debtors").

- [6] Networks Corp. is the sole operating entity in Canada. Networks Inc. and Networks Corp. hold the Canadian spectrum and regulatory licenses on behalf of the Debtors, and Holdings is an inactive holding company without books or records.
- [7] The Canadian Debtors, through Networks Corp., carry on substantially the same business as Ligado, that is, delivery of satellite capacity and related services to end customers. The Debtors have two satellite gateway locations in Canada: one in Ottawa, Ontario, and a second location in Saskatoon, Saskatchewan.
- [8] In practice, the operations of the Canadian Debtors are deeply integrated with Ligado and the other Debtors in the United States. Most core business functions for the Canadian operations, including legal and accounting, are administered centrally from the United States. A majority of the Canadian Debtors' funding needs are provided by Ligado through intercompany contributions. At present, Networks Inc. owes Networks Corp. approximately U.S. \$4.2 million in intercompany payables. The Canadian Debtors do not have the resources to repay the intercompany indebtedness and are financially dependent on Ligado to maintain operations.
- [9] In Canada, day-to-day operations are carried out by Networks Corp., which employs approximately 31 people, primarily from its operations offices at the Ottawa premises. The Debtors do not contemplate making any operational or employee changes to its Canadian operations through the Chapter 11 Cases or these recognition proceedings. The Canadian Debtors are current on payroll, accounts payable to trade vendors and landlords with, in many cases, pre-payments made to the Petition Date.
- [10] The Debtors' main interests in Canada are located in the province of Ontario.
- [11] Part IV of the *CCAA* establishes the applicable process for addressing the administration of cross-border insolvencies to promote cooperation and coordination between Canadian and foreign courts.
- [12] Pursuant to section 46(1) of the *CCAA*, a person who is a foreign representative may apply for recognition of the foreign proceeding in respect of which that person is a foreign representative. Section 47 of the *CCAA* provides that the Court shall make an order recognizing a foreign insolvency proceeding if it is satisfied that the following two requirements are met:
- a. the application for recognition of a foreign proceeding relates to a "foreign proceeding" within the meaning of the *CCAA*; and
 - b. the applicant is a "foreign representative" within the meaning of the *CCAA* in respect of that foreign proceeding.

[13] Ligado is authorized pursuant to the Foreign Representative Order granted by the U.S. Court to act as the Debtors' representative in these Recognition Proceedings.

[14] Section 45 (1) of the CCAA provides that a "foreign main proceeding" is a foreign proceeding in a jurisdiction where the debtor company has its COMI. Section 45 (2) of the CCAA provides that, absent evidence to the contrary, a debtor's COMI is deemed to be the location of its registered office. Courts have held that the determination of COMI is substantive, rather than technical.

[15] I am satisfied that the COMI of the Debtors in this case, including the Canadian Debtors, is in the United States. Among other things:

- a. their operating mind and management are in all respects located in the United States and all the decision-making is made by Ligado personnel in the United States;
- b. the Debtors' headquarters is located in Reston, Virginia;
- c. the majority of directors are located in United States;
- d. virtually all back-office functions (including administrative, tax, accounting, technical support, other functions) are directed by senior management in the United States;
- e. authorized signatories for the bank accounts reside in the United States;
- f. the Canadian debtors do not have separate audited financial statements;
- g. although the Canadian Debtors have some unique customers, most of their customers are cross-border customers with primary and/or originating ties to Ligado's relationships in the United States; and
- h. the Canadian Debtors are funded by and operate on an integrated basis with Ligado and would be unable to operate independently.

[16] I am satisfied that granting an order recognizing the Chapter 11 Cases as a "foreign main proceeding" under section 47(2) of the CCAA is appropriate.

[17] I am satisfied that the stay of proceedings in Canada is necessary to protect the efforts of the Debtors to proceed in the Chapter 11 Cases and the restructuring support agreement dated January 5, 2025 ("RSA") (described in the Smith affidavit), particularly in light of certain key assets and licenses within Canada held by certain of the Debtors, that is, the Canadian Debtors. The Initial Recognition Order that is requested provides for the relief required

under section 48 and is consistent with the Commercial List model *CCAA* Initial Recognition Order (Foreign Main Proceeding).

[18] I am satisfied that it is appropriate to grant the Supplemental Order recognizing and giving effect to the First Day Orders for the following reasons:

- a. U.S. Court properly assumed jurisdiction over the Chapter 11 Cases and comity will be furthered by this Court's recognition of the First Day Orders granted;
- b. coordination of proceedings in Canada and the United States will ensure equal and fair treatment of all stakeholders of the location; and
- c. the First Day Orders are being sought by the Debtors to minimize the adverse effects of the Chapter 11 Cases on their overall business and to preserve value for the benefit of stakeholders, both in the United States and Canada.

[19] The Proposed Foreign representative seeks to appoint FTI Canada as the Information Officer in this proceeding. I am satisfied that this request is proper and should be granted.

[20] The Proposed Foreign Representative is requesting that the Court grant to the proposed Information Officer, its legal counsel, and Ligado's Canadian legal counsel, the Administration Charge with respect to their fees and disbursements in the maximum amount of CA\$750,000 on the Debtors' property in Canada. I am satisfied that the amount of the charge is reasonable in the circumstances, having regard to the size and complexity of these proceedings and the roles part of the Proposed Foreign Representative's legal counsel, the proposed Information Officer and its legal counsel. The proposed Information Officer supports the amount of this charge.

[21] During the Chapter 11 Cases and these recognition proceedings, the Debtors will need current liquidity to satisfy payroll, meet overhead obligations, satisfy the costs, fees and expenses of administering these cases and for the continued management, operation, and preservation of their businesses. The DIP facility described in the application materials is intended, among other things, to address the Debtors' funding needs during the Chapter 11 Cases and these recognition proceedings. I am satisfied that the Interim DIP Order should be recognized and that the associated DIP Lender's Charge should be granted to avoid destabilizing the Debtors' business operations and jeopardizing the restructuring contemplated by the RSA.

[22] Orders to issue in forms of Orders signed by me today.