

COURT FILE NUMBER 2501-01744
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ATB FINANCIAL

Clerk's stamp

DEFENDANTS LOCAL FIRST MEDIA GROUP INC., LOCAL FIRST PROPERTIES INC., BTC USA HOLDINGS MANAGEMENT INC., LOCAL FIRST PROPERTIES USA INC., ALASKA BROADCAST COMMUNICATIONS, INC., FRONTIER MEDIA LLC and BROADCAST 2 PODCAST, INC

APPLICANT FTI CONSULTING CANADA INC., solely in its capacity as Court-appointed Receiver and Manager of the current and future assets, undertakings and properties of LOCAL FIRST MEDIA GROUP INC., LOCAL FIRST PROPERTIES INC., BTC USA HOLDINGS MANAGEMENT INC., LOCAL FIRST PROPERTIES USA INC., ALASKA BROADCAST COMMUNICATIONS, INC., FRONTIER MEDIA LLC and BROADCAST 2 PODCAST, INC.

DOCUMENT **BENCH BRIEF**

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File no.: 1001336442

INTRODUCTION

1 This Bench Brief is submitted by the applicant, FTI Consulting Canada Inc., solely in its capacity as Court-appointed receiver and manager (the **Receiver**) of the current and future assets, undertakings and properties of Local First Media Group Inc., Local First Properties Inc., BTC USA Holdings Management Inc., Local First Properties USA Inc., Alaska Broadcast Communications, Inc., Frontier Media LLC and Broadcast 2 Podcast, Inc. (the **Debtors**). The Receiver submits this brief in support of its application to approve a proposed sale approval and vesting order (the **SAVO**), substantially in the form attached as Schedule "A" to the application, approving the terms of a transaction as between the Receiver, certain Debtors, and Alaska First Media Inc. (**Alaska First**, or the **Purchaser**).

2 Capitalized terms used but not defined herein take their meaning from the Second Report of the Receiver, dated January 12, 2026 (the **Second Report**).

FACTS

3 On February 21, 2025, Justice M. J. Lema appointed the Receiver as receiver and manager of the Debtors (the **Receivership Order**) pursuant to section 243 of the *Bankruptcy and Insolvency Act*.¹

4 Because the Debtors carry on cross-border business and operations, the Receiver then filed petitions on behalf of the Debtors for relief pursuant to Chapter 15 of the United States Bankruptcy Code (the **US Bankruptcy Code**). On July 8, 2025, the US Bankruptcy Court for the Eastern District of Texas, Texarkana Division (the **US Court**), entered an Order Granting Petition for Recognition as Foreign Main Proceeding Pursuant to Sections 1517 and 1520 of the US Bankruptcy Code and Related Relief (**Recognition Order**), recognizing the Receivership Order, and the Receiver as foreign representative under Chapter 15 of the US Bankruptcy Code.

5 Management of the Debtors has remained in place during this receivership, in order to ensure the viability of ongoing operations, including by ensuring the various Federal Communications Commission (**FCC**) licenses associated with the assets remain in good standing. As such, the Receiver has not taken possession and control of the Debtors' assets.²

6 On October 23, 2025, the Court granted an order approving the Sale Process, which contemplated the contemporaneous marketing, solicitation of interest, and sale of two suites of property comprised of assets and real property: the Alaska Property and the Texas Property. The Sale Process further contemplated a bid deadline of December 9, 2025 and an option to run an auction should competing bids arise and the Receiver deem it appropriate to do so.³

7 The Receiver was approached on June 30, 2025 by the principal of Alaska First, who provided a letter of intent for the purchase and sale of the Alaska Property. Following negotiations between the parties, Alaska First agreed to act as stalking horse bidder for the purposes of the Alaska Property and the Sale Process, and subsequently executed the Stalking Horse APA.⁴

8 The Stalking Horse APA contemplates the purchase of the Alaska Property for a total purchase price of USD \$1,280,797.59, comprised of USD \$380,797.59 for the radio stations and related assets, and USD \$900,000 for the real property. In accordance with the Stalking Horse APA, and this Court's direction, the Receiver launched and conducted the Sale Process; at the conclusion of the Sale Process, no competing offers were received in respect of the Alaska Assets. Accordingly, Alaska First was accepted as the successful bidder pursuant to the Stalking Horse APA.⁵

9 Concurrently, the Receiver launched and conducted the Sale Process to solicit interest and potentially attract bids to acquire the Texas Assets. The Receiver ultimately received multiple offers for the Texas Assets and has had numerous discussions with bidders following the December 9, 2025 offer deadline. The Receiver is currently working with the highest bidder to advance documentation associated with acquiring the Texas Assets. In this Application, the Receiver seeks approval of the Stalking Horse APA in respect of the Alaska Assets; the Receiver will return to Court on a future date to seek approval of any transaction concluded for the Texas Assets, once the related documentation is finalized.⁶

10 The Receiver is of the view that the Stalking Horse APA represents the highest and best offer for the Alaska Assets. Furthermore, the Stalking Horse APA was appropriately marketed to suitable buyers as set out above in the Sale Process and no superior bid was received by the Binding Offer Deadline. The relief sought in this Application is supported by the Secured Creditor.⁷

¹ [RSC 1985, c B-3 \[BIA\]](#) [Tab 1].

² First Report of the Receiver, dated October 16, 2025 (the **First Report**), paras 25-32.

³ Second Report, paras 4, 31.

⁴ First Report, para 62.

⁵ Second Report, paras 26-27, 33.

⁶ Second Report, paras 31-32.

⁷ Second Report, para 33.

LAW

11 Section 247(b) of the BIA provides that a receiver shall deal with the property of the insolvent person or the bankrupt in a commercially reasonable manner.⁸ This includes the requirement that the receiver exercise its power to sell a debtor's property with commercial reasonableness. Specific factors a court is to consider when ensuring that a proposed transaction meets this requirement are set out at length in the case law.

12 The principles applicable to approval of a stalking horse transaction, whether in the context of receiverships, BIA proposals, or the *Companies' Creditors Arrangement Act*,⁹ are discussed in *CCM Master Qualified Fund Ltd. v. blutip Power Technologies Ltd.*¹⁰ Justice Brown (as he then was) held that the reasonableness and adequacy of any sales process or transaction proposed by a receiver, including a stalking horse transaction, must be assessed in light of the factors a court would apply to a transaction arising from that process – the *Soundair* factors set out by the Ontario Court of Appeal in *Royal Bank v. Soudair Corp.*¹¹ These factors are:

- (a) whether the party made a sufficient effort to obtain the best price and to not act improvidently;
- (b) the interests of all parties;
- (c) the efficacy and integrity of the process by which the party obtained offers; and
- (d) whether the working out of the process was unfair.¹²

13 Various other decisions have discussed the contours of this test and its application to transactions. In *Skyepharm PLC v. Hyal Pharmaceutical Corp.*, the Court noted that the receiver's duty is not to obtain the best price, but to do everything reasonably possible in the circumstances to obtain the best price.¹³ Other cases have indicated that a court should provide a degree of deference, refraining from adjudicating the matter as though it were an appeal of the decision of the receiver.¹⁴

14 In this case, the common control of the Purchaser and certain of the Debtors by Cliff Dumas makes the transaction contemplated by the Stalking Horse APA a related-party transaction within the meaning of section 4(2) of the BIA.

15 Section 65.13(5) of the BIA provides some additional factors that a court should satisfy itself of when assessing asset dispositions to related parties. These are whether:

- (a) good faith efforts were made to sell or otherwise dispose of the assets to persons who are not related to the insolvent person; and
- (b) the consideration to be received is superior to the consideration that would be received under any other offer made in accordance with the process leading to the proposed sale or disposition.

16 Although this provision (found in the proposals section of the BIA) does not directly apply in the circumstances of a receivership, it is nonetheless instructive. In *Elleway Acquisitions Ltd. v. 4358376*

⁸ BIA, s 247(b) [Tab 1].

⁹ RSC 1985, c C-36 [Tab 2].

¹⁰ 2012 ONSC 1750 [CCM v. blutip] [Tab 3].

¹¹ CCM v. blutip, *ibid*, para 6 [Tab 3]; *Royal Bank v. Soudair Corp.*, 4 OR (3d) 1, [1991] OJ No 1137 [Soundair] [Tab 4].

¹² Soundair, *ibid*, para 16 [Tab 4].

¹³ [1999] O.J. No. 4300, 12 C.B.R. (4th) 87 (Ont. S.C.J. [Commercial List]), at para 4 [Tab 5]; affirmed (2000) 15 C.B.R. (4th) 298, 47 O.R. (3d) 234 (C.A.).

¹⁴ *Royal Bank v. Fracmaster Ltd.*, 1999 ABQB 425, para 58 [Tab 6].

*Canada Inc.*¹⁵ Justice Morawetz looked to these provisions for guidance in a receivership sale involving a related party, noting:

The above referenced jurisprudence and provisions of the BIA (Canada) demonstrate that a court will not preclude a sale to a party related to the debtor, but will subject the proposed sale to greater scrutiny to ensure a transparency and integrity in the marketing and sales process and require that the receiver verify information provided to it to ensure the process was performed in good faith.¹⁶

17 The Receiver submits that the Stalking Horse APA ought to be approved for the following reasons:

- (a) The Stalking Horse APA was a stalking horse bid under the Sale Process. While the Stalking Horse APA itself did not arise through a competitive process, it was thoroughly market-tested in a rigorous marketing process that provided ample opportunity for other bidders to come forward. No other bids were received.
- (b) The Sale Process was developed by the Receiver and supported by the Secured Creditor. The Sale Process was approved by this Court, and the Secured Creditor supports approval of the Stalking Horse APA.
- (c) Specifically, the Sale Process was designed to remove any market-chilling aspects of having the Stalking Horse Bidder participating in the process. The Break Fee was modest, so as to remove any unfair financial benefit to the Stalking Horse Bidder in the event it was not ultimately the successful buyer, and to permit any other bidders to enter the Sale Process freely. The intention behind the Sale Process was to broadly expose the Alaska Assets to the market, and to solicit the highest and best price.
- (d) Potential buyers were able to receive information with respect to the Alaska Assets subject only to the requirement that they provide a non-disclosure agreement.
- (e) The Receiver is of the view that the consideration provided for under the Stalking Horse APA is fair and reasonable. The Sale Process tested the value of the Alaska Assets on the open market. The result was that no buyer was willing to put forward any offer.

18 In short, the Receiver is of the view that the Stalking Horse APA is fair and reasonable, provides for the highest and best price for the Alaska Assets, and that the Court can take comfort in the fact that other parties had a reasonable opportunity to bid for the Alaska Assets if they so wished.

CONCLUSION

19 The Receiver respectfully requests that this Honourable Court grant the SAVO.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 19th DAY OF JANUARY, 2026:

Norton Rose Fulbright Canada LLP



Per: _____
Gunnar Benediktsson and Meghan L. Parker,
Counsel for the Receiver

¹⁵ [2013 ONSC 7009](#) [*Elleway*] [Tab 7].

¹⁶ *Elleway*, *ibid*, [para 45](#).

TABLE OF AUTHORITIES

- 1 *Bankruptcy and Insolvency Act*, [RSC 1985, c B-3](#)
- 2 *Companies' Creditors Arrangement Act*, [RSC 1985, c C-36](#)
- 3 *CCM Master Qualified Fund v blutip Power Technologies*, [2012 ONSC 1750](#)
- 4 *Royal Bank of Canada v Soundair Corp*, [4 OR \(3d\) 1, \[1991\] OJ No 1137](#)
- 5 *Skyepharm PLC. v. Hyal Pharmaceutical Corp.*, [\[1999\] O.J. No. 4300, 12 C.B.R. \(4th\) 87](#) (Ont. S.C.J. [Commercial List])
- 6 *Royal Bank v. Fracmaster Ltd.*, [1999 ABQB 425](#)
- 7 *Elleway Acquisitions Limited v. 4358376 Canada Inc.*, [2013 ONSC 7009](#)