

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
TEXARKANA DIVISION**

In re: LOCAL FIRST MEDIA GROUP INC. Debtor in a foreign proceeding.	Case No. 25-41368 Chapter 15
In re: LOCAL FIRST PROPERTIES INC., Debtor in a foreign proceeding.	Case No. 25-41369 Chapter 15
In re: BTC USA HOLDINGS MANAGEMENT INC., Debtor in a foreign proceeding.	Case No. 25-50050 Chapter 15
In re: LOCAL FIRST PROPERTIES USA INC., Debtor in a foreign proceeding.	Case No. 25-50051 Chapter 15
In re: ALASKA BROADCAST COMMUNICATIONS, INC., Debtor in a foreign proceeding.	Case No. 25-50052 Chapter 15
In re: BROADCAST 2 PODCAST, INC., Debtor in a foreign proceeding.	Case No. 25-50053 Chapter 15

In re:

FRONTIER MEDIA LLC,

Debtor in a foreign proceeding.

Case No. 25-50054

Chapter 15

**DECLARATION OF HOWARD GORMAN IN SUPPORT OF RECEIVER'S VERIFIED
PETITION FOR RECOGNITION AS FOREIGN MAIN PROCEEDINGS, OR
ALTERNATIVELY AS FOREIGN NONMAIN PROCEEDINGS, PURSUANT TO
SECTIONS 1515 AND 1517 OF THE UNITED STATES BANKRUPTCY CODE AND
RELATED RELIEF AND AUTHORIZING RECEIVER'S USE OF CASH
COLLATERAL**

I. Howard Gorman K.C., do hereby declare as follows:

1. I am over the age of 18, and I am authorized to submit this declaration (the **"Declaration"**) on behalf of the Receiver (as defined below)

2. I am a Senior Partner in Norton Rose Fulbright Canada LLP (**"NRFC"**). My office is at 400 3rd Avenue SW, Suite 3700, Calgary Alberta T2P 4H2 Canada. I graduated with an LLB from the University of Alberta in 1985. I am a member of the Law Society of Alberta. I articulated and have practiced at NRFC (including through its predecessor firm) since 1985, primarily practicing in insolvency and corporate restructuring proceedings. Included in that practice, I have been involved in numerous cross-border proceedings, including Chapter 15 proceedings.

3. NRFC's client is FTI Consulting Canada Inc. (**"FTI"**) solely in its capacity as court-appointed receiver (in such capacity, the **"Receiver"** or **"Foreign Representative"**) of the above-captioned debtors (collectively, the **"Debtors"**), based upon the Receivership Order dated February 21, 2025 (the **"Receivership Order"**)¹ entered by the Court of King's Bench of Alberta in the Calgary Courts Centre, Calgary, Alberta, Canada, Court File No. 501-01744 (the **"Canadian**

¹ A true and correct copy of the Receivership Order is attached to the Official Form 401 Petition and can also be downloaded free of charge at FTI's website: <http://cfcanada.fticonsulting.com/LocalFirst/> and is incorporated herein for all purposes.

Court” and the **“Canadian Proceeding”**) under Canada’s *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the **“BIA”**) and operative Canadian law..

4. Contemporaneously herewith, as foreign representative, the Receiver has caused to be filed Official Form 401 Chapter 15 petitions for each of the Debtors in the above-referenced cases.

5. As foreign representative for the Debtors in these Chapter 15 cases, the Receiver seeks recognition of the Canadian Proceedings as the foreign main proceedings for the Debtors; alternatively, as foreign non-main proceedings.

6. On February 10, 2025, ATB Financial (collectively, the **“Lenders”**) filed an Application for Receivership and a Bench Brief Of The Applicant In Support Of The Receivership Application with the Court Of King’s Bench Of Alberta, Calgary Judicial Centre, where it was assigned Court File no. 2501-01744, seeking the appointment of FTI as receiver under section 243 of the BIA and section 13(2) of the Judicature Act, RSA 2000 c J-2. On February 21, 2025, the Canadian Court, Honorable Justice M.J. Lema, entered the Receivership Order pursuant to section 243(1) of the BIA and 13(2) of the Judicature Act.

7. The BIA is one of two pieces of federal legislation in Canada applicable to bankruptcies and insolvencies.² The BIA governs both voluntary and involuntary bankruptcy liquidations and provides for debtor reorganizations.

8. The BIA also authorizes a court to appoint a receiver upon a secured creditor’s application. *Id.* § 243(1). Section 247 of the BIA mandates that a receiver shall (a) act honestly

² The second federal legislation in Canada concerning bankruptcies and insolvencies is the Companies’ Creditors Arrangement Act (**“CCAA”**), which affords financially troubled corporations the opportunity to restructure their financial affairs through a **“Plan of Arrangement.”** Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36 (Can.). The CCAA process is akin to chapter 11 of the Bankruptcy Code, affording companies an opportunity to restructure operations rather than liquidate. See *In re Fracmaster, Ltd.*, 237 B.R. 627, 629 n.3 (Bankr. E.D. Tex. 1999).

and in good faith; and (b) deal with the property of the insolvent person or the bankrupt in a commercially reasonable manner. A court-appointed receiver is not an agent or representative of the party that sought its appointment. It is an independent officer of the court that acts as principal, not as agent. A court-appointed receiver is a fiduciary. A fundamental duty of a receiver is to realize value from the assets and/or business of the debtor company for the benefit of its stakeholders. In this respect, a court-appointed receiver owes duties not only to the court but must also consider the interest of all stakeholders who have an interest in the debtor entity's assets, property and undertakings.

9. Such court-appointed receivers are given a mandate and specific powers as set out in the order appointing the receiver. These duties typically include: (1) taking possession and control of the property and assets of the debtor; (2) marketing and selling such property and assets in a commercially reasonable manner (whether as a going concern, en-bloc, or otherwise) and under the supervision and approval of the appointing court; and (3) distributing the proceeds of such sales to the stakeholders in accordance with the legal entitlement. The appointing court has broad discretion to authorize the receiver to “take any other action that the court considers advisable.” *Id.* § 243(1)(c).

10. The receiver does not become the owner of the debtor company's assets; however, the receiver may be granted the right (but not the obligation) in the appointment order to take possession and custody of the assets of the debtor and to sell them.

11. A court-appointed receiver under the BIA is a “national” receiver, meaning that a receiver administers assets in each of Canadian's ten provinces and three territories, typically without further order of provincial courts. The BIA and its related legislation (the CCAA) are federal legislation. But provincial legislative jurisdiction governs property and civil rights,

potentially affecting some insolvency-related matters, similar to the interplay between state and federal law in the United States. Nonetheless, the BIA provides a statutory framework for a court-appointed receiver to carry out its mandate on a national basis rather than relying on the various provincial statutes or courts for its authority.

12. The Judicature Act authorizes the Court to appoint a receiver where it is “just and convenient” on any terms and conditions the Court thinks just. Generally, the Judicature Act codifies broad equitable powers of the Court which allows it to provide for certain remedies where equitable, including the appointment of a receiver. The powers and duties of a receiver appointed by the Court pursuant to section 13(2) of the Judicature Act is set out in the order appointing the receiver and may be tailored to the specific circumstances. Generally such powers and/or duties will be the same or similar to a receiver appointed under the BIA as noted above.

13. The application seeking the receiver’s appointment is to be served on the debtor company and is typically served on other creditors holding security interests in the debtor’s property where the relief requested on appointment of the receiver is likely to affect such creditors’ interest. The debtor and other parties in interest with notice of the application have the opportunity to respond to the application, and either oppose, support or provide views for the court’s consideration. The amount of notice given of the hearing of the receivership application will vary, depending on the particular circumstances of the case. Counsel to the receiver maintains a service list. Any party in interest may serve and file a notice of appearance, in a standardized form, at which time they will be added to the service list and will receive notice of the various pleadings filed in the receivership proceedings. Parties in interest may also be added to the service list by simply contacting counsel to the receiver by telephone or email and making such request.

14. Typically, once a receiver has sold, disposed of, or otherwise realized on the assets of the debtor, it will seek to distribute proceeds to creditors in accordance with their entitlements and priority, following court approval of the proposed distribution. If the only recovery is to secured creditors, there may be no need for a claims process. If there are any surplus funds after satisfying all secured claims, the receiver may run a court-sanctioned claims process or seek the court's approval to assign the debtor into bankruptcy and have unsecured claims dealt with through bankruptcy proceedings (generally equivalent to chapter 7 proceedings under the United States Bankruptcy Code).

15. I have been asked to opine on whether the Canadian Proceedings meet the definition of "foreign proceeding" under 11 U.S.C. § 101(23), which provides that a foreign proceeding is:

"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."

16. In my opinion, based on the above analysis, the Canadian Proceedings are foreign proceedings within the meaning of 11 U.S.C. § 101(23).

17. In addition, I have been asked to opine on whether FTI, acting in its capacity of Receiver pursuant to the Receivership Order, is a foreign representative under 11 U.S.C. § 101(24), which states:

The term "foreign representative" means 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.

18. Based on my experience in representing Canadian receivers who have been recognized as foreign representatives in US Chapter 15 cases and my review of the Receivership Order, FTI is a person or body authorized in a foreign proceeding (the Canadian Proceedings) to

administer the reorganization or the liquidation of the Debtors assets or affairs or to act as a representative of such foreign proceeding, and, as such, FTI is a foreign representative.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

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Executed this 13 day of May, 2025

By: 

Howard A. Gorman, K.C. Canadian Counsel
for the Receiver and Foreign Representative