IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE

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In re : Chapter 15

CINRAM INTERNATIONAL, INC., et al., : Case No. 12-11882 (KJC)

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Debtors in a Foreign Proceeding. : Jointly Administered

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Hearing Date: July 25, 2012 at 10:00 a.m. (ET)
Obj. Deadline: July 18, 2012 at 4:00 p.m. (ET)

: Re: D.I. 6, 7, 8, 30

LIMITED OBJECTION TO ORDERS ENFORCING THE INITIAL CCAA ORDER

Axcess Staffing Services, LLC ("Axcess") hereby submits this limited objection ("Limited Objection") to the Provisional proposed Final Order in these cases which would enforce the Initial Order issued on June 25, 2012 by the Ontario Superior Court of Justice in the proceeding commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "Initial CCAA Order"), and made applicable in the United States by the Order Granting Provisional Relief (the "Provisional Order") in the above-captioned Chapter 15 bankruptcy case entitled <u>In re Cinram</u> International, Inc., et al., Case No. 12-11882 (KJC), and in support of this Limited Objection states:

1. On June 25, 2012, Cinram International ULC, in its capacity as the foreign representative of the debtors (collectively, the "Debtors") in the proceeding commenced under Canada's *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and pending before the Ontario Superior Court of Justice (the "Canadian Court"), filed petitions for relief under Chapter 15 of the United States Bankruptcy Code for the Debtors, including debtor Cinram Wireless, LLC ("Cinram Wireless").

- 2. The Provisional Order recognizes and enforces, on a provisional basis, the terms of the Initial CCAA Order. In addition, the Debtors are seeking a Final Order enforcing the Initial CCAA Order (the "Final Order").
- 3. The Initial CCAA Order has terms which, among other things, purport to prohibit persons who have agreements with any of the Debtors from ceasing to do business with the Debtors except with the written consent of the Debtors and the Monitor or leave of the court (paragraph 24), and purport to require persons to continue providing post-petition services to the Debtors in accordance with "normal payment practices" or such other practices as may be agreed upon by the service providers and each of the applicable Debtors, or as may be ordered by the court (paragraph 25).
- 4. Axcess is a provider of temporary staffing services. Axcess is based in the United States, and has no jurisdictional ties to Canada. Axcess has a Temporary Staffing Services Agreement with Cinram Wireless under which Axcess provides approximately 150 workers on a weekly basis at the facility of Cinram Wireless located in Fort Worth, Texas. The weekly payroll for such workers is approximately \$80,000.
- 5. Debtors have not demonstrated that, under Canadian bankruptcy law, providers of post-petition services to debtors enjoy administrative expense priority in the Canadian Proceeding concerning payment for such post-petition services. Accordingly, absent acceptable payment arrangements or security for payment of post-petition services provided, there is significant risk that persons or companies such as Axcess that provide post-petition services to Debtors may not be paid for such services.
- 6. To date, Axcess, the Debtors, and the Monitor have not reached any agreement on the terms and conditions under which Axcess will continue providing services to Cinram

Wireless post-petition, or when or how those services may be terminated. The parties have

exchanged proposals and are hopeful that an agreement will be reached, but that has not yet

happened.

7. Accordingly, Axcess objects to the Court's continued enforcement of the Initial

CCAA Order in the United States, either by virtue of the Provisional Order or any Final Order, to

the extent that the Initial CCAA Order requires Axcess to continue providing services to Cinram

Wireless without terms and conditions acceptable to Axcess which will ensure that Axcess will

be paid in full for the post-petition services that Axcess provides to Cinram Wireless.

Dated: July 18, 2012

Wilmington, Delaware

Respectfully submitted,

PEPPER HAMILTON LLP

/s/ Michael J. Custer_

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CERTIFICATE OF SERVICE

I, Michael J. Custer, hereby certify that on the 18th day of July, 2012, I caused the foregoing **Limited Objection to Orders Enforcing the Initial CCAA Order** to be served upon the individuals listed on the attached service list via electronic mail and in the manner indicated thereon.

/s/ Michael J. Custer

Michal J. Custer (DE No. 4843)

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