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MARK L. HATCHER  
CLERK U.S. BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT TACOMA  
DEPUTY

The Honorable Paul B. Snyder  
Chapter 15  
Hearing Date: June 30, 2008  
Hearing Time: 9:00 a.m.  
Hearing Location: Tacoma  
Response Date: June 27, 2008, 4 p.m.

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT TACOMA

In re:

**MADILL EQUIPMENT CANADA**

MADILL INC.

MADILL HOLDINGS (ONTARIO) LP

MADILL GP INC.

MADILL LP

MADILL CORPORATION

MADILL FINANCE (US) LLC

MADILL HOLDINGS (US) INC.

Debtors in a Foreign Proceeding.

Chapter 15

**Case No. 08-41426 (PBS)(lead case)**

08-41428

08-41429

08-41430

08-41431

08-41433

08-41434

08-41435

**ORDER GRANTING MOTION AUTHORIZING SALE OF ASSETS  
FREE AND CLEAR OF LIENS, WAIVING BANKRUPTCY RULE 6004(g) STAY,  
AND APPROVING DISBURSEMENT OF PROCEEDS**

THIS MATTER comes before the Court on the Motion For Order Authorizing Sale Of Assets Free And Clear Of Liens (the "Motion"), filed on behalf of RSM Richter Inc. (the "Receiver") as foreign representative of Madill Equipment Canada, Madill Inc., Madill Holdings (Ontario) LP, Madill GP Inc., Madill LP, Madill Corporation, Madill Finance (US) LLC, and Madill Holdings (US) Inc. (collectively, the "Madill Group"). The Court has considered the Motion, the Declaration of Robert Kofman and other papers filed in support of

1 the Motion, the objection filed in opposition to the Motion, and has reviewed the files and  
2 records herein.

3           BASED ON THE FOREGOING, the Court makes the following findings of fact and  
4 conclusions of law:

5           A. The Receiver was appointed as receiver for the Madill Group in proceedings in  
6 the Supreme Court of British Columbia (the "Canadian Receivership").

7           B. On June 16, 2008, the court in the Canadian Receivership entered orders, copies  
8 of which are attached hereto as Exhibit A (collectively the "Canadian Sale Order"), (i)  
9 approving a Liquidation Services Agreement, (the "Liquidation Services Agreement") between  
10 the Receiver and 1416088 Ontario Limited c.o.b. Danbury Industrial and Infinity Assets  
11 Solutions, Inc. (collectively, "Danbury"), (ii) providing for "vesting" title in the Canadian  
12 assets sold under Canadian law, and (iii) authorizing distributions to the Madill Group's  
13 secured lenders up to the amounts owing them under their credit facilities with the Madill  
14 Group.

15           B. In the Motion, the Receiver seeks (i) authority to sell the Madill Group's U.S.  
16 assets free and clear of liens pursuant to Section 363 of title 11 of the United States Code (the  
17 "Bankruptcy Code"), including pursuant to the Liquidation Services Agreement, (ii) waiver of  
18 the Fed. R. Bankr. Proc. 6004(g) stay (which would otherwise stay the effective date of the  
19 order for 10 days), and (iii) confirming its authority to disburse funds from the sales of U.S.  
20 assets as directed in the Canadian Sale Order and subsequent orders in the Canadian  
21 Receivership.

22           D. These Chapter 15 cases were properly commenced pursuant to Sections 1504  
23 and 1515 of the Bankruptcy Code by the filing of a Verified Petition For Recognition Of  
24 Foreign Main Proceeding And Related Relief (the "Petition").

25           E. On May 2, 2008, this Court entered its Order On Verified Petition For  
26 Recognition Of Foreign Main Proceeding And Related Relief, granting the relief sought in the  
27 Petition, including without limitation, recognition of the Canadian Receivership as a foreign

1 main proceeding, as defined in Section 1502 of the Bankruptcy Code. Among other things, the  
2 Court's order provides that distribution of the Madill Group's assets is entrusted to the  
3 Receiver, subject to the terms imposed by the order appointing the Receiver in the Canadian  
4 Receivership, and as directed by the court in that proceeding.

5 F. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and  
6 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(N), (O) and (P). Venue is  
7 properly located in this District pursuant to 28 U.S.C. § 1410. The statutory predicates for the  
8 relief granted herein are Sections 105 and 363 of the Bankruptcy Code, as complemented by  
9 Fed. R. Bankr. Proc. 6002, 6004, and 9007.

10 G. Notice of the Motion was timely, properly given in compliance with the  
11 Bankruptcy Code and Rules, and reasonable and appropriate under the circumstances.

12 H. The Receiver has demonstrated that the sale of the assets of the Madill Group  
13 located in the United States in one or more sales out of the ordinary course of business,  
14 including pursuant to the terms of the Liquidation Services Agreement, is based on sound  
15 business justifications, and such sales are in the best interests of the Madill Group's estate. The  
16 Receiver has also demonstrated that the other relief sought in the Motion, including lifting the  
17 stay of Fed. R. Bankr. Proc. 6004(g), and confirming the Receiver's authority to disburse  
18 proceeds of the liquidation pursuant to orders in the Canadian Receivership is appropriate  
19 under the circumstances.

20 **IT IS HEREBY ORDERED AS FOLLOWS:**

21 1. The Motion is granted.

22 2. The Receiver is authorized sell the Madill Group's assets in the United States  
23 out of the ordinary course of business, including without limitation pursuant and subject to the  
24 terms of the Liquidation Services Agreement.

25 3. The sale of the Madill Group's U.S. assets, whether directly by the Receiver or  
26 pursuant to the Liquidation Services Agreement shall be free and clear of all claims, liens and  
27 encumbrances of any nature, kind or description, with any such claims, liens, and


1 encumbrances attaching to the proceeds of the sale to the same extent and in the same order in  
2 which they attached to the assets prior to sale, including without limitation the liens of the  
3 Madill Group's senior lenders.

4 4. A stay of the closing of any sales pursuant to this Order, as provided for by Fed.  
5 R. Bankr. Proc. 6004(g), is unnecessary in this instance, shall not apply, and is lifted.

6 5. The Receiver is authorized to take such further actions as may be necessary to  
7 implement, close and consummate the sale of the Madill Group's assets in the United States,  
8 including executing any documents necessary to consummate such sales without further order  
9 of this Court.

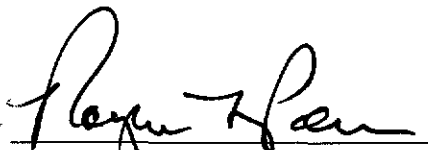
10 6. The sales proceeds received from the sale of the Madill Group's U.S. assets, net  
11 of any commissions, taxes and other sale costs, required to be paid by the Receiver in  
12 accordance with the Liquidation Services Agreement or otherwise may be disbursed pursuant  
13 to orders issued by the court in the Canadian Receivership, and without further order of this  
14 Court.

15 DATED this 30 day of June, 2008.

16  
17   
18 Honorable Paul B. Snyder  
United States Bankruptcy Judge

19 Presented by:

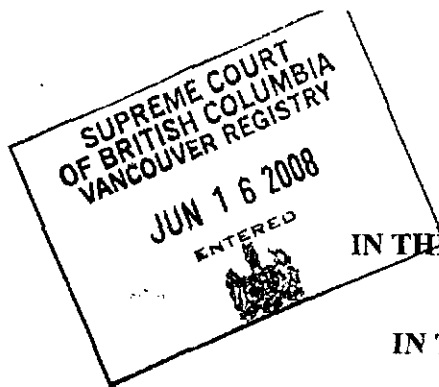
20 Davis Wright Tremaine LLP  
21 Attorneys for RSM Richter Inc., Receiver

22  
23 By   
24 Ragan L. Howers, WSBA #11935

**EXHIBIT A**

**CANADIAN RECEIVERSHIP ORDERS**

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No. S082212  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN BANKRUPTCY AND INSOLVENCY  
IN THE MATTER OF THE RECEIVERSHIP OF**

MADILL INC.  
MADILL GP INC.  
MADILL EQUIPMENT CANADA  
MADILL LP  
MADILL HOLDINGS (US) INC.  
MADILL FINANCE (US) LLC  
MADILL HOLDINGS (ONTARIO) LP  
MADILL CORPORATION

No. S082213  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

GE CANADA FINANCE HOLDING COMPANY and  
GENERAL ELECTRIC CAPITAL CORPORATION

PLAINTIFFS

AND:

MADILL INC.  
MADILL GP INC.  
MADILL EQUIPMENT CANADA  
MADILL LP  
MADILL HOLDINGS (US) INC.  
MADILL FINANCE (US) LLC  
MADILL HOLDINGS (ONTARIO) LP  
MADILL CORPORATION

DEFENDANTS

**ORDER**

**(Approval of Sale and Vesting of Assets)**

BEFORE THE HONOURABLE THE ) MONDAY, THE 16<sup>TH</sup> DAY OF  
 )  
CHIEF JUSTICE ) JUNE, 2008

THE APPLICATION of RSM Richter Inc. (the "**Receiver**") in its capacity as receiver and interim receiver of all of the property, assets and undertaking of the Defendants (collectively, the "**Debtors**") coming on for hearing at Vancouver, British Columbia on this day; AND ON HEARING Robert A. Millar, counsel for the Receiver, M. CAMLEY, counsel for the Plaintiffs, and those counsel listed in Schedule "A" hereto; AND UPON reading the material filed herein, including the Receiver's First Report to the Court dated June 11, 2008 (the "**First Report**"), the Affidavit of Robert Kofman sworn June 10, 2008 (the "**Kofman Affidavit**"), the Affidavit of Edmond Lamek sworn June 10, 2008 (the "**Lamек Affidavit**") and the Affidavit of Ragan Powers sworn June 12, 2008 (the "**Powers Affidavit**");

THIS COURT ORDERS that:

1. The time for service of the Receiver's Notice of Motion and supporting materials is hereby abridged so that this motion is properly returnable today, and the need for further service of the Notice of Motion and supporting materials is hereby dispensed with.

**Approval of Liquidation Services Agreement**

2. Any capitalized term used and not defined herein shall have the same meaning as that ascribed to it in the Liquidation Services Agreement dated June 11, 2008 (the "**Agreement**") between the Receiver and 1416088 Ontario Limited c.o.b. as Danbury Industrial and Infinity Asset Solutions Inc. (together, the "**Liquidator**"), a copy of which is attached as Confidential Appendix 2 to the First Report.

3. The Agreement and the transactions contemplated thereby (the "**Transactions**") are hereby approved, and the Receiver is hereby authorized to enter into the Agreement substantially in the form attached as Confidential Appendix 2 to the First Report, to execute and deliver the Agreement

and all ancillary and related documents and to take all such steps and actions as are necessary to give effect to, and complete, the Transactions.

4. Title to Assets sold by the Liquidator to a Purchaser pursuant to the Agreement shall, upon receipt by the Liquidator of the purchase price therefor, vest in such Purchaser free and clear of and from any and all interests of any person therein, including without limitation all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, howsoever arising or created (collectively, the "Claims"), provided that the Net Proceeds from the sale of all Assets, together with all amounts paid or payable by the Liquidator to the Receiver pursuant to the Agreement, including, without limitation, any amount payable pursuant to section 2.04(3) thereof, shall stand in place and stead of the Assets, and all Claims shall attach thereto with the same priority as they had with respect to the Assets immediately prior to the completion of the sale thereof.

5. Until the Removal Date (being no later than September 30, 2008, unless otherwise agreed to by the Receiver and the Liquidator), the Receiver: (a) shall continue to pay the rents payable under the leases of the Premises; and (b) shall not discharge, assign, transfer or otherwise deal with the leases for any and all Premises without the prior written approval of the Liquidator.

6. The engagement of the Liquidator and the satisfaction of its duties under the Agreement shall not constitute the Liquidator to be an employer or a successor employer or payor within the meaning of any legislation governing employment or labour standards or pension benefits or health and safety or any others statute, regulation or rule of law or equity for any purpose whatsoever, and

further, the Liquidator shall be deemed not to be an owner in possession, care, control, or management of the Property of the Debtors whether pursuant to any legislation enacted for the protection of the environment, the regulations thereunder or any other statute, regulation or rule of law or equity under any federal, provincial or other jurisdiction for any purpose whatsoever.

7. The copy of the Agreement attached as Confidential Appendix 2 to the First Report and the summary of offers submitted to the Receiver forming Confidential Appendix 1 to the First Report shall be treated together as confidential, sealed, segregated from and not form part of the public record, and shall remain sealed until the completion of the Auction, or further Order of the Court.

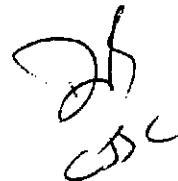
8. The need for endorsement of this Order by counsel appearing on this application, except counsel for the Receiver, is hereby dispensed with.

BY THE COURT

  
\_\_\_\_\_  
~~DISTRICT~~ REGISTRAR

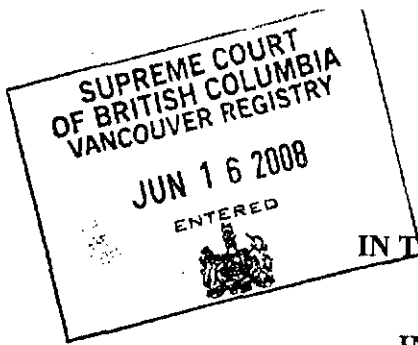
APPROVED AS TO FORM:

  
\_\_\_\_\_  
Counsel for RSM Richter Inc.



SCHEDULE "A"  
LIST OF COUNSEL

Name		Party



No. S082212  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY  
IN THE MATTER OF THE RECEIVERSHIP OF**

MADILL INC.  
MADILL GP INC.  
MADILL EQUIPMENT CANADA  
MADILL LP  
MADILL HOLDINGS (US) INC.  
MADILL FINANCE (US) LLC  
MADILL HOLDINGS (ONTARIO) LP  
MADILL CORPORATION

No. S082213  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

GE CANADA FINANCE HOLDING COMPANY and  
GENERAL ELECTRIC CAPITAL CORPORATION

PLAINTIFFS

AND:

MADILL INC.  
MADILL GP INC.  
MADILL EQUIPMENT CANADA  
MADILL LP  
MADILL HOLDINGS (US) INC.  
MADILL FINANCE (US) LLC  
MADILL HOLDINGS (ONTARIO) LP  
MADILL CORPORATION

DEFENDANTS

**ORDER**

**(Approval of Distribution, Activities and Fees)**

BEFORE THE HONOURABLE THE ) MONDAY, THE 16<sup>TH</sup> DAY OF  
 )  
CHIEF JUSTICE ) JUNE, 2008

THE APPLICATION of RSM Richter Inc. (the "**Receiver**") in its capacity as receiver and interim receiver of all of the property, assets and undertaking of the Defendants (collectively, the "**Debtors**") coming on for hearing at Vancouver, British Columbia on this day; AND ON HEARING Robert A. Millar, counsel for the Receiver, M. Carle, counsel for the Plaintiffs, and those counsel listed in Schedule "A" hereto; AND UPON reading the material filed herein, including the Receiver's First Report to the Court dated June 11, 2008 (the "**First Report**"), the Affidavit of Robert Kofman sworn June 10, 2008 (the "**Kofman Affidavit**"), the Affidavit of Edmond Lamek sworn June 10, 2008 (the "**Lamек Affidavit**") and the Affidavit of Ragan Powers sworn June 12, 2008 (the "**Powers Affidavit**");

THIS COURT ORDERS that:

1. The time for service of the Receiver's Notice of Motion and supporting materials is hereby abridged so that this motion is properly returnable today, and the need for further service of the Notice of Motion and supporting materials is hereby dispensed with.

**Distribution of Proceeds**

2. The Receiver is hereby authorized and directed to distribute the sum of \$2,500,000 to the Plaintiffs as Agents for themselves and Bank of Montreal (collectively, the "**Senior Lenders**") on account of the indebtedness of the Debtors to the Senior Lenders.

3. The Receiver is hereby authorized and directed to distribute such amounts from time to time as it deems in its sole discretion to be available for distribution to the Senior Lenders up to the maximum amount of \$47,000,000.00 inclusive of the amount distributed pursuant to paragraph 2 above, without further order of the Court, after making provision for all future and accrued Receivership liabilities whether covered by the Receiver's Charge, the Receiver's Borrowing Charge (as those terms are defined in the April 1, 2008 Order of this Court) or otherwise.

**Approval of Activities and Fees**

4. The activities of the Receiver as described in the First Report are hereby approved and the Interim Statement of Receipts and Disbursements of the Receiver attached as Appendix "F" to the First Report is hereby approved.

5. The fees and disbursements of the Receiver for the period March 1, 2008 to May 31, 2008 as described in the Kofman Affidavit, are hereby approved in the amount of \$566,037.52, including disbursements and applicable taxes.

6. The fees and disbursements of the Receiver's Canadian legal counsel, Fasken Martineau DuMoulin LLP, for the period March 1, 2008 to May 31, 2008 as described in the Lamek Affidavit, are hereby approved in the amount of \$137,736.75, including disbursements and applicable taxes.

7. The fees and disbursements of the Receiver's U.S. legal counsel, Davis Wright Tremaine LLP, for the period March 1, 2008 to May 31, 2008 as described in the Powers Affidavit, are hereby approved in the amount of \$106,072.02, including disbursements and applicable taxes.

8. The need for endorsement of this Order by counsel appearing on this application, except counsel for the Receiver, is hereby dispensed with.

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Counsel for RSM Richter Inc.

BY THE COURT

  
\_\_\_\_\_  
DISTRICT REGISTRAR



SCHEDULE "A"  
LIST OF COUNSEL

Name		Party