



Turn Adversity Into Advantage

Take a closer look at managing
your business in a downturn

May 26, 2009

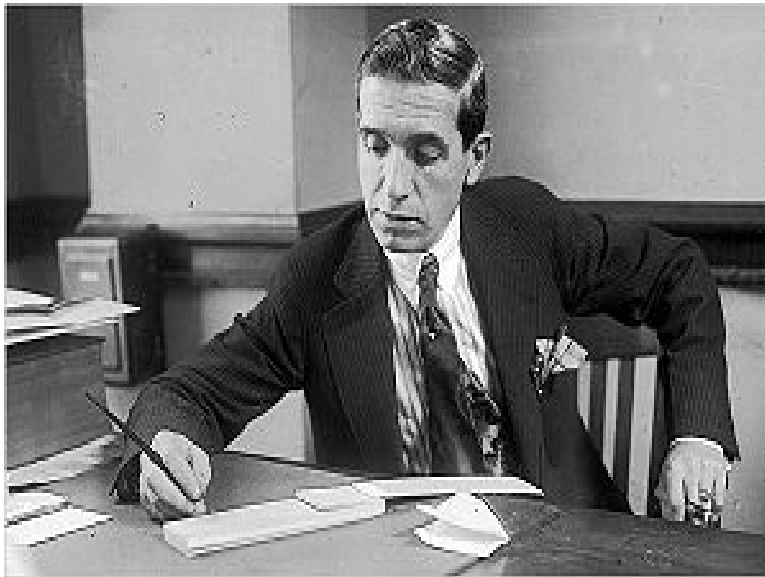


Introduction

Simon Coval, Fasken Martineau



Introduction



Lies, Damned Lies and Statistics

- ◉ In less than one year, world's leading capitalist countries spent more than \$(us)10 trillion to prop up financial regimes.
 - ◉ Marshall Plan cost \$9.3 billion (2005\$) over five years.
 - ◉ United Nations estimates \$195 billion to eradicate most poverty-related deaths in the third world.
- ◉ In 2008, Fortune 500 profits fell 85% from \$645 billion to \$99 billion.
- ◉ US unemployment at 26-year high.
- ◉ In 2008, at least 670,000 Chinese businesses failed.

Financing

- ◉ IMF says global write-down of toxic debt will reach \$4.1 trillion.
- ◉ In 2008, global finance industry shrank for the first time in 16 years.
- ◉ 2008 Canadian venture capital firm fundraising lowest in 13 years; 2009 investment lowest in 6 years.

Governance

- ⑥ Tony Fell, RBC Capital Markets former Chief Executive:

Current global financial crisis “highlights a massive failure of corporate governance, the failure of boards to oversee management and the failure of management to oversee the business”.

- ⑥ Bernard Madoff: \$65 billion
- ⑥ Sir Allen Stanford: \$8.8 billion
- ⑥ James Nicholson: \$1 billion
- ⑥ Bank of America/Nicholas Cosmo: \$400 million
- ⑥ Weizhen Tang: \$75 million
- ⑥ OSC: \$60 million
- ⑥ Canadian Federal Tax Managers: \$4.5 million



Restructuring

- ⑥ Under protection or under pressure;
 - ⑥ Finance, Banking, Auto, Airlines, Forestry, Tech, Real Estate, Construction, Oil and Base Metals
 - ⑥ Quebecor, Nortel, Air Canada, Canwest, Torstar



Options are limited but not extinct

Iain Mant, Fasken Martineau
Jeremy South, Deloitte



Capital Markets Update

Market observations

- ④ Early signs of reduced volatility in the capital markets, spreads tighten in the credit markets and equity markets turnaround in March
- ④ Supply of both debt and equity under significant pressure, and conditions remain fragile
 - ④ Many providers still waiting on the sidelines
 - ④ Several foreign lenders have scaled back or shut down in Canada
- ④ Increased pricing
 - ④ Spreads up, although benchmark rates down

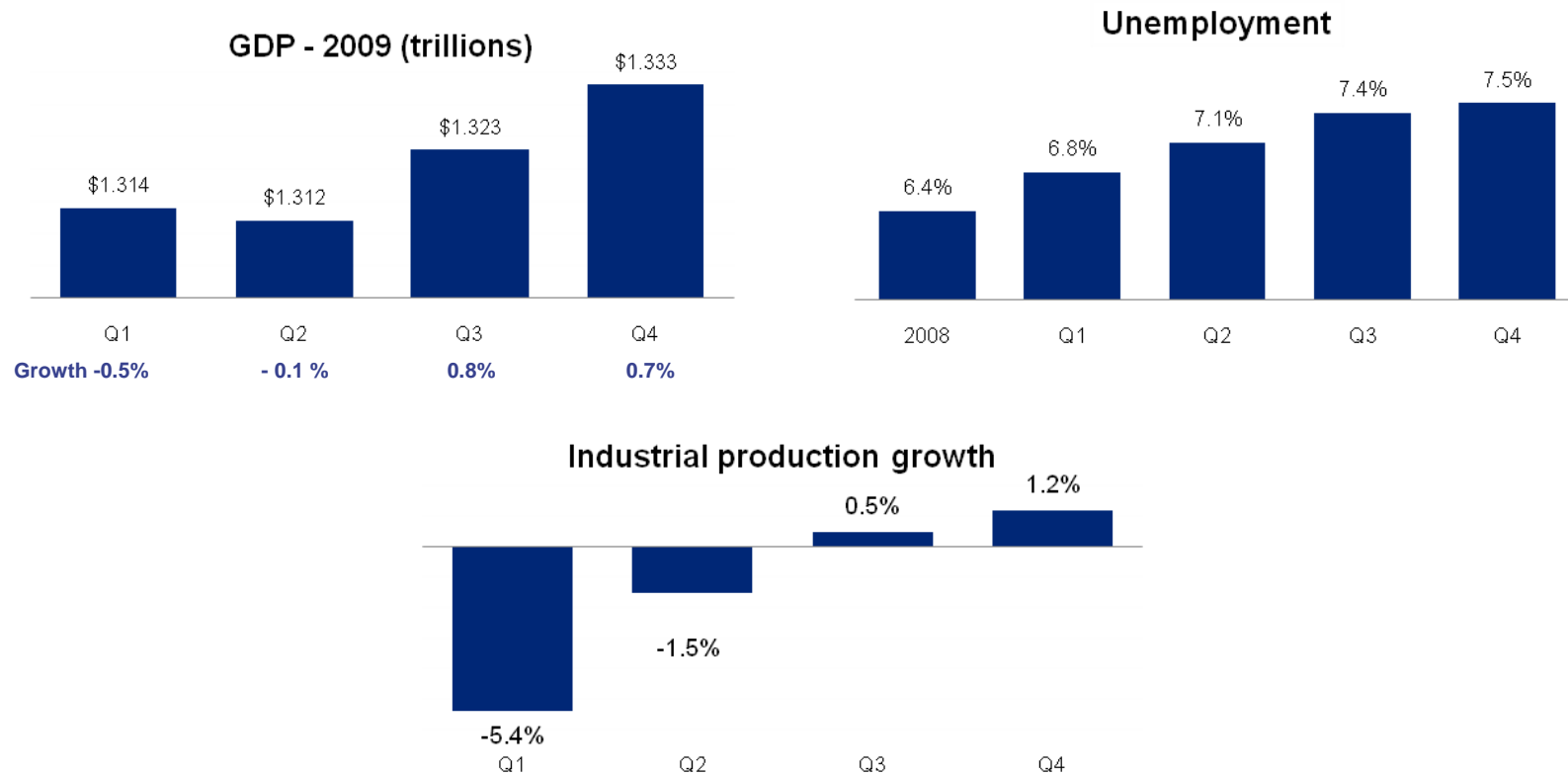
Market observations

- ⦿ Average deal sizes down – no “Mega Deals”
- ⦿ Canada relatively a bright spot: capital still available
- ⦿ Canadian lenders cautious, especially with new credits and in unloved sectors
- ⦿ Consider quasi-public sources of capital
- ⦿ Deleveraging will continue in 2009
 - ⦿ Significant focus on cash and costs

Macro economic context Continuing difficult environment

- ⦿ Canada's economy shrank by 0.9% in Q4 2008 and is forecast to contract in the first half of 2009
- ⦿ Falling commodity prices and low business confidence levels will lower business investment and employment in 2009
- ⦿ Fiscal stimulus in U.S. and Canada may help, however such programs take time to have impact, especially if investment is in infrastructure

Macro economic context Continuing difficult environment



Debt and equity environment in 2009

Debt markets

- ④ Pricing remains high
 - ④ Volatility in the Banks' marginal Cost of Funds
 - ④ Spreads rise - reflecting diminishing credit quality of corporate borrowers and tighter liquidity/capital constraints at the banks
 - ④ The secondary market for leveraged loans is taking liquidity from the primary market
- ④ Loan volumes still low
 - ④ Lending has largely evaporated in the Real-estate, Retail, Autos, Junior mining and consumer

Debt and equity environment in 2009

Debt markets

- ⑥ Credit environment far more conservative for corporate borrowers
 - ⑥ Terms have tightened
 - ⑥ Bank hold limits have declined requiring borrowers to diversify their banking relationships
 - ⑥ Banks are shying away from committing new capital; some banks are seeking to exit from clients for portfolio reasons

Debt and equity environment in 2009

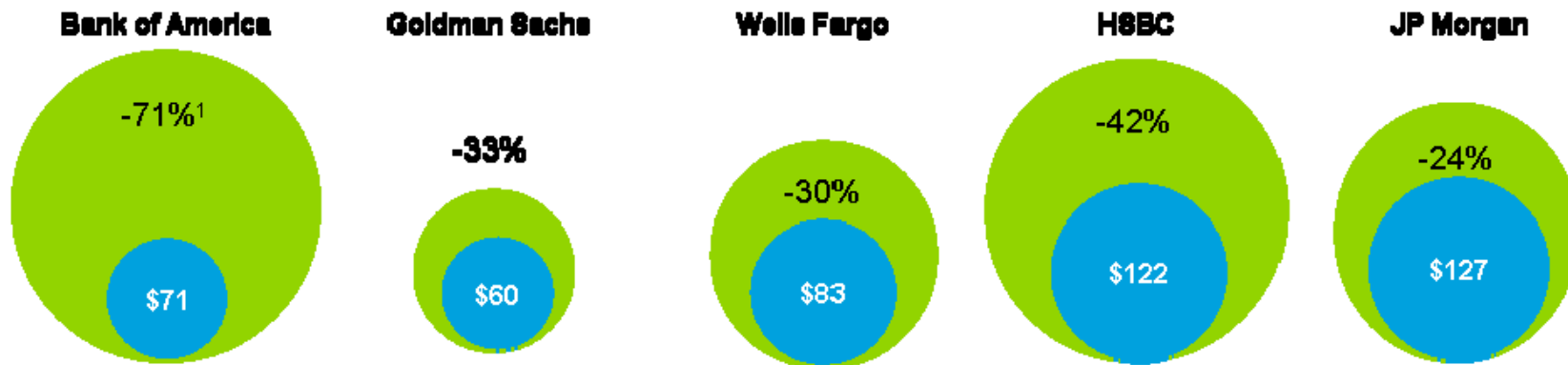
Equity markets

- ⦿ Public markets remain highly volatile
 - ⦿ Analysts are in the process of revising their earnings expectations downward for 2009, and delaying turnaround expectations to the first half of 2010
 - ⦿ Private Equity funds are focusing on the performance of existing portfolio companies, and opportunistically raising new capital for distressed investments

Global bank balance sheets weaker

Bright spot – Canadian banks balance sheets relatively strong

Market capitalizations of selected financial institutions



Source: Capital IQ

 Market value as of Dec 31-08, US\$bn

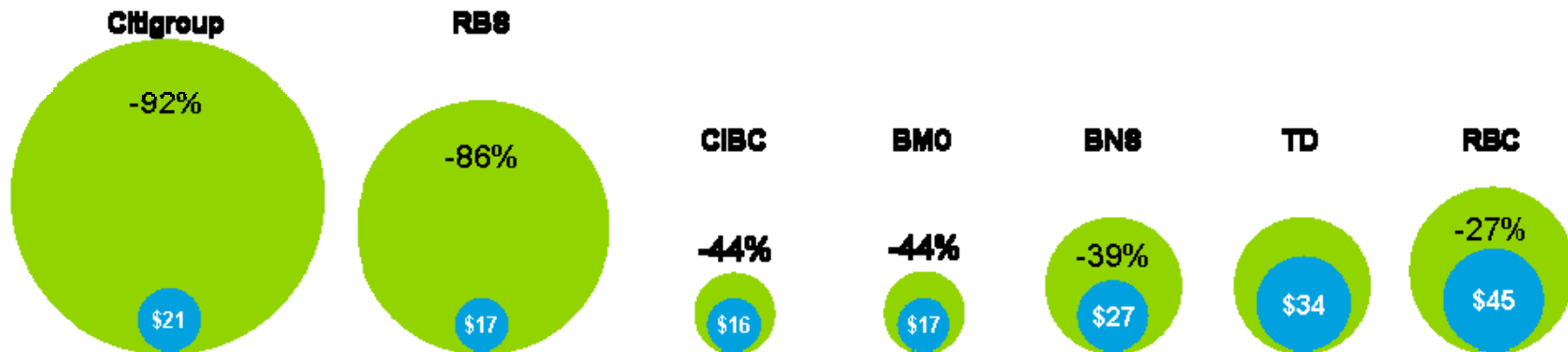
 Market value as of April 14-09, US\$bn

(1) % decline in market cap

Global bank balance sheets weaker

Bright spot – Canadian banks balance sheets relatively strong

Market capitalizations of selected financial institutions



Source: Capital IQ

 Market value as of Dec 31-08, US\$bn

 Market value as of April 14-09, US\$bn

(1) % decline in market cap

Canadian banks are down 35% as compared to the global banks which are down 60% (avg.)



Interest rates – benchmarks are low; spreads are high

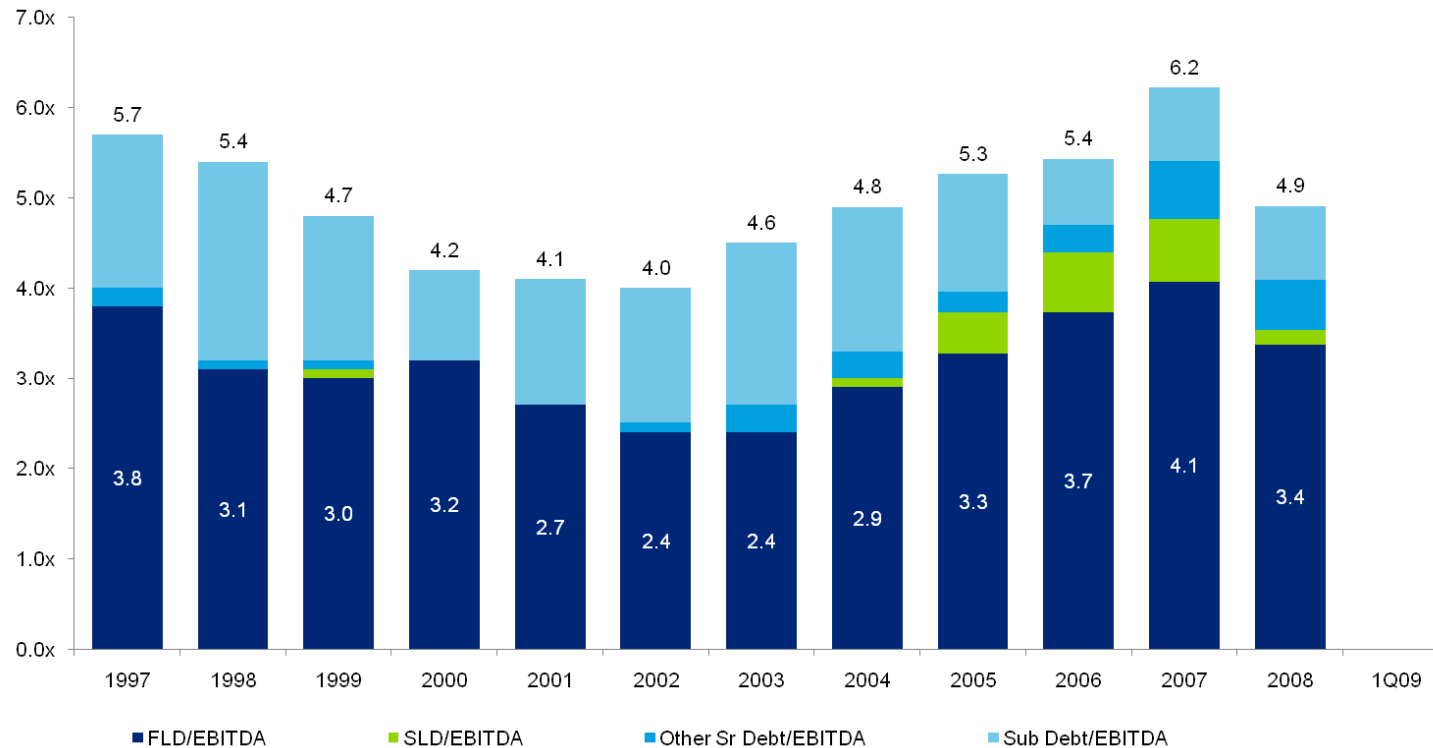
Yield on non-investment grade debt has tightened by 300-500bps during Q1-2009

Canada benchmark rates	Nov 1, 2007	Oct 1, 2008	Apr 14, 2009	Bloomberg forecast			
				Q2-2009	Q3-2009	Q4-2009	Q1-2010
Bank of Canada O/N rate	4.50%	3.00%	0.50%	0.25%	0.25%	0.25%	0.25%
3m C\$ BA rate	4.70%	3.73%	0.66%				
3m C\$ LIBOR	4.81%	4.20%	1.0%	0.62%	0.65%	0.65%	0.65%

U.S. benchmark rates	Nov 1, 2007	Oct 1, 2008	Apr 14, 2009	Bloomberg forecast			
				Q2-2009	Q3-2009	Q4-2009	Q1-2010
3m U.S. T-bills	3.73%	0.74%	0.15%				
Fed funds target rate	4.50%	2.00%	0%-0.25%	0%-0.25%	0%-0.25%	0%-0.25%	0%-0.25%
3m US\$ LIBOR	4.87%	4.33%	1.12%	1.13%	1.04%	0.99%	1.03%
US prime	7.50%	5.00%	3.25%				
5yr swap rate	4.70%	4.00%	2.32%				
10 yr treasury yields	4.42%	3.74%	2.78%	2.75%	2.87%	3.05%	3.27%

Bond market yields	5yr	10yr	30yr
US treasury bonds	1.72%	2.78%	3.65%
Canada treasury bonds	1.85%	2.92%	3.63%
'AAA' US industrials	2.57%	4.06%	5.37%
'A' US industrials	4.36%	5.42%	6.29%
'BBB' US industrials	7.05%	7.95%	7.80%
'BB' US industrials	9.62%	10.63%	11.40%
'B' US industrials	12.82%	13.86%	14.56%

New transactions less levered Total leverage declining to 3.0x-4.0x

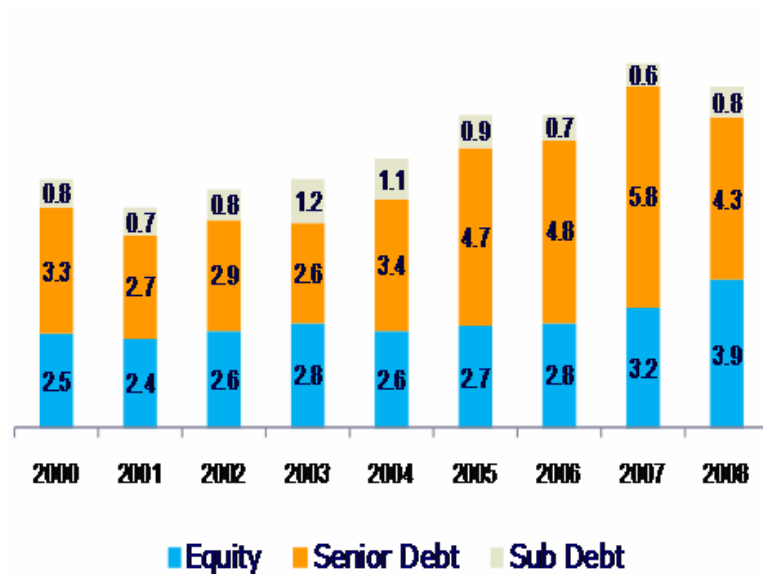


Source: S&P LCD

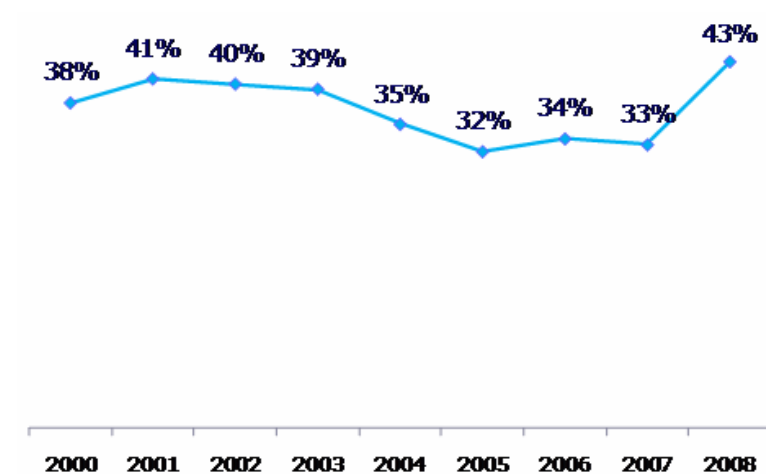
U.S. LBO's – purchase multiples and sources of funding

Only just beginning to see decreases...more downward pressure expected

Purchase multiple breakdown¹



Equity contribution

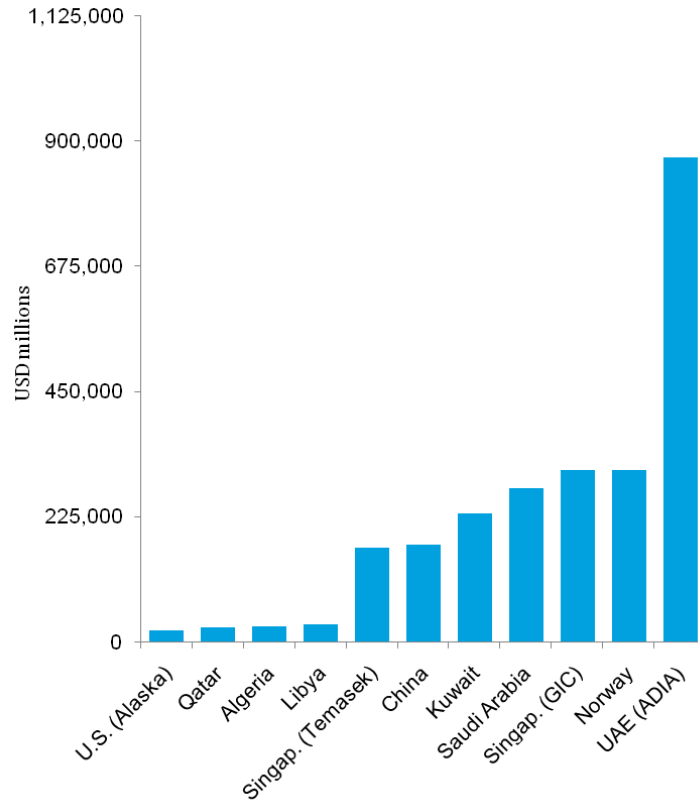


Source: S&P LCD

Sovereign wealth funds

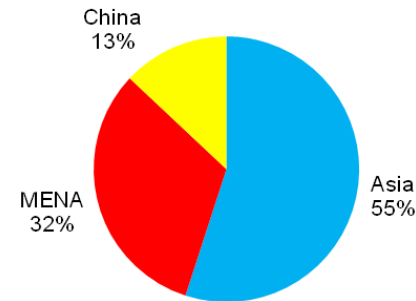
An increasingly important source of capital

Total investment 2000-2008



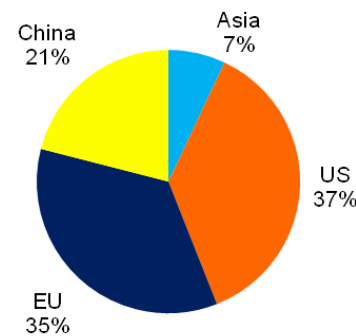
Source: Strategic Forecasting Inc.

SWF M&A spend since 2000



Source: Deutsche Bank

Most SWF money invested out of home market: receiving regions



Source: Deutsche Bank

Practical impact of credit crisis

Increasing focus on liquidity and downsizing

Operations	<ul style="list-style-type: none"> ⦿ Reduce direct costs ⦿ Rationalize overheads and headcount ⦿ Downsize scope
Improving working capital	<ul style="list-style-type: none"> ⦿ Negotiate better terms ⦿ Rationalize supply chain ~ financial and operational ⦿ Improve financial operations on collections/payments
Capex	<ul style="list-style-type: none"> ⦿ Rethink sustaining and discretionary capex plans ⦿ Re-evaluate capital budgets and returns, based on higher cost of capital
Financial risk management	<ul style="list-style-type: none"> ⦿ Re-evaluate policy on hedging Interest rate, currency and commodity price risk
Distribution policy	<ul style="list-style-type: none"> ⦿ Impact of reducing or canceling dividend distributions ⦿ Do share-buybacks make sense?
Capital structure & liquidity	<ul style="list-style-type: none"> ⦿ Plan 12-18 months in advance of any refinancing or new capital to be raised ⦿ Maintain sufficient room around the covenants; Plan ahead if default is likely during the next 4 quarters ⦿ Does the company have optimal capital structure for the environment today? ⦿ Alternatives other than bank lending? ⦿ M&A opportunities and ability to finance?



Alternative Sources of Funding

Venture Capital

- ⦿ Bar is raised for new investments as funds conserve cash for existing investments
- ⦿ Investment size is smaller for new investments
- ⦿ Do your research: identify funds with appropriate geographical or industry focus and commitment to making new investments
- ⦿ Be modest: have a conservative growth plan with lower burn rate to get through next 1 to 2 years

Private Equity

- ⑥ Closing of credit markets has limited private equity ability to leverage investment
- ⑥ Quality funds are still actively looking for top tier opportunities – less deals meet their criteria due to economic situation – more sectors out of favor
- ⑥ More flexibility in deal structure – consider minority deals and sub debt financing
- ⑥ Under pressure from LPs who now have asset allocation issues
- ⑥ Vendor financing more in vogue

Specialty Funds

- ④ Specialty funds exist and may be prepared to invest – determine fund mandate to assess suitability
- ④ Mezzanine debt funds
- ④ Restructuring funds
- ④ Distress funds
- ④ High Net Worth/Family offices

Non-dilutive Financing (government)

- ④ Many available government programs - but may be industry or expenditure specific
- ④ IRAP
- ④ EDC
- ④ SRED
- ④ SDTC (Sustainable Development Technology Canada)
- ④ DND (Department of National Defense)

RTO's and CPC's

- ⑥ Many public companies with modest cash reserves looking for acquisitions or qualifying transactions
- ⑥ Must be willing to accept obligations and expense of being public
- ⑥ Plan ahead: transactions are expensive and time consuming

Tax Losses

- ④ Market for tax losses is still alive
- ④ Alberta trust conversions looking for losses to shield taxes as they convert
- ④ Market price varies between \$0.02 - \$0.10
- ④ CRA watching carefully



When the numbers are too good to be true

Andrew Nathanson, Fasken Martineau
Jeffrey Harder, Deloitte

Introduction

- ④ Fraud risk varies from pinpricks to threats to the enterprise's viability
- ④ Take a 360 degree view
 - ④ Internal and external fraud
 - ④ Fraud designed to benefit the enterprise and fraud to the detriment of the enterprise
 - ④ Fraud is not just what happens to the enterprise; it can be what you do to others
- ④ How to avoid and how to respond

Cautionary Tales

- ④ Societe Generale
- ④ Madoff Securities
- ④ Stanford Financial
- ④ Recently, closer to home
 - ④ Public Guardian and Trustee of B.C. v. Tickell (breach of trust and forgery)
 - ④ Encorp Pacific (Canada) v. Rocky Mountain Return Centre Ltd. 2008 BCSC 779 (fraudulent overbilling)
 - ④ R. v. Drabinsky 2009 CanLII 12802 (financial statement fraud)

The Wages of Sin: The High Cost of Fraud

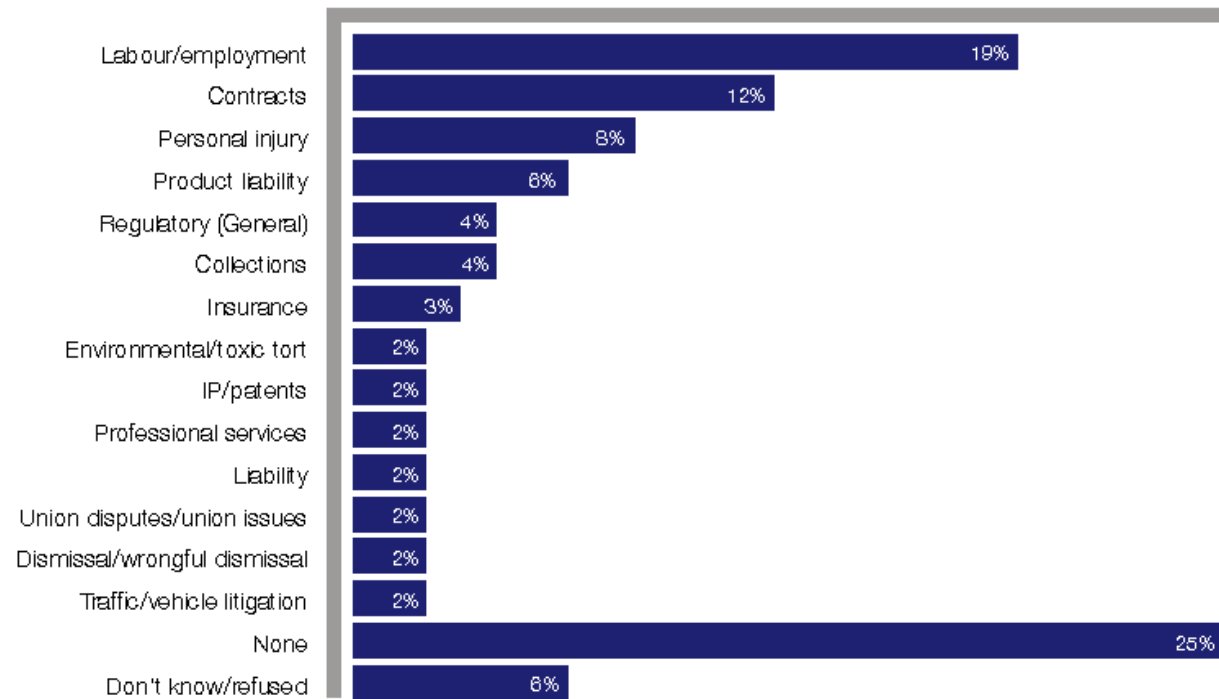
- ⑥ Fraud costs businesses an estimated 7% of annual revenues (ACFE, 2008).
- ⑥ This translates into approximately \$994 billion in fraud losses annually in the U.S. alone (ACFE, 2008).
- ⑥ The overall cost of fraud is over double the amount of missing money or assets (Farrell and Franco, 1999).

The Wages of Sin: The High Cost of Fraud (cont.)

- ④ Fasken Martineau Survey, 2008 Litigation Trends in Canada: many of the current and future top litigation concerns reflect fraud risk
 - ④ Employment
 - ④ Contracts
 - ④ IP/Patents
 - ④ Regulatory
 - ④ Anti-Trust/trade
 - ④ Securities litigation/enforcement

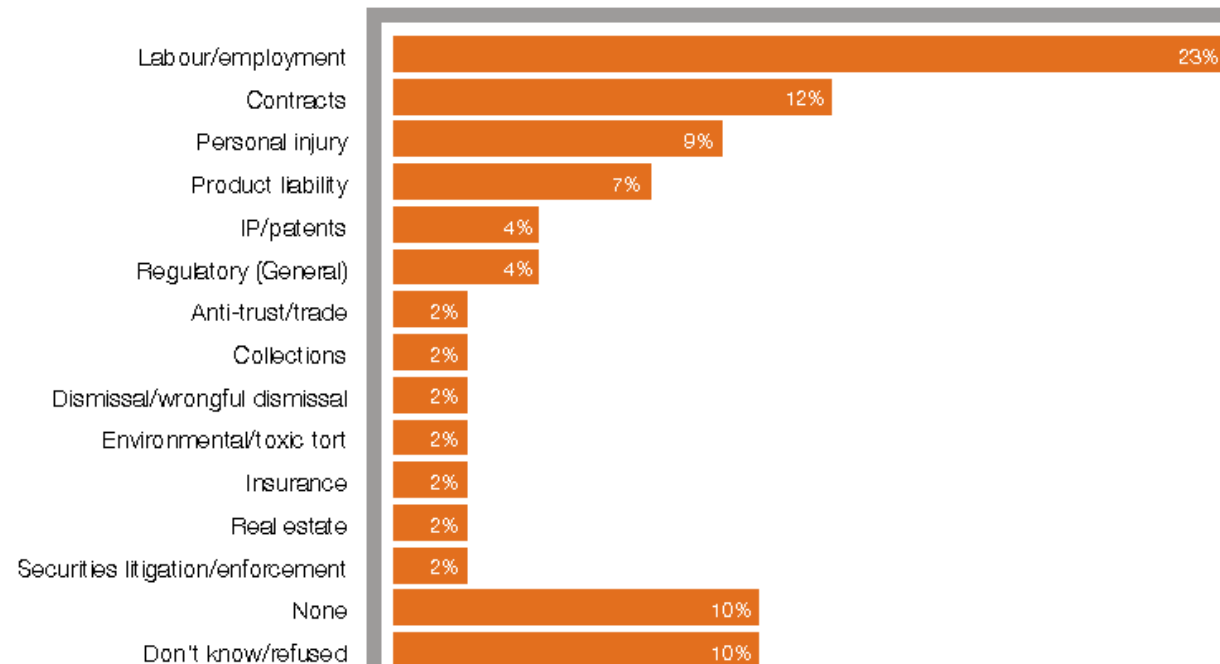
The Wages of Sin: The High Cost of Fraud (cont.)

CURRENT TOP CONCERNS



The Wages of Sin: The High Cost of Fraud (cont.)

FUTURE TOP CONCERNS



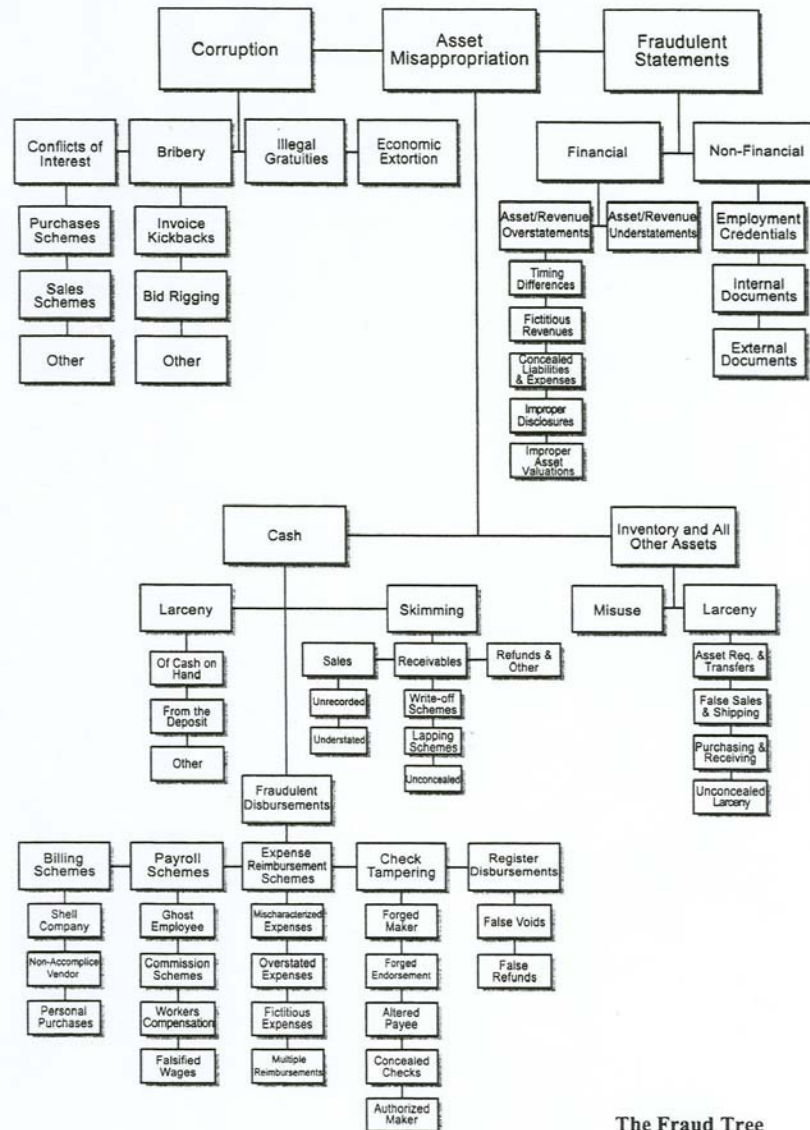
The Wages of Sin: The High Cost of Fraud (cont.)

- ④ Fulbright and Jaworski, Fifth Annual Litigation Trends Survey Findings 2008 (www.litigationtrends.com)
 - ④ In a change from previous years, nearly one-third of the total sample and 43% of respondents from the largest companies surveyed expect litigation to increase in the coming year.
 - ④ 49% of U.S. companies and 41% of U.K. companies reported commissioning at least one internal investigation in the past 12 months.
 - ④ 7% of all respondents and 11% of those with international facilities engaged outside counsel in the past 12 months in connection with corruption, bribery or Foreign Corrupt Practices Act (FCPA) investigations.

The Wages of Sin: The High Cost of Fraud (cont.)

- ⑥ Association of Certified Fraud Examiners (ACFE), 2008 Report to the Nation on Occupational Fraud and Abuse
 - ⑥ Median loss caused by occupational fraud was \$175,000; more than one-quarter of frauds involved losses of at least \$1 million.
 - ⑥ Typical fraud lasted two years from inception until it was identified.
 - ⑥ Occupational frauds much more likely to be detected by a tip than by audits, controls or other means.

The Fraud Tree



Source: ACFE 2008 Report

The Fraud Tree

“Climate Change”

- ② Current economic conditions increase fraud risk
- ② Material misstatement risk factors (Fraud Examiner Manual (Canada), 2005)
 - ② Business or industry decline
 - ② Financial difficulties
 - ② Existence of financial debt covenants
 - ② Rapidly changing industry conditions
 - ② Turnover in key financial positions
 - ② Overemphasis on quantified targets, especially if linked to management compensation or bonuses
 - ② Unrealistic budget pressures

“Climate Change” (cont.)

- ④ Downsizing or reorganization can:
 - ④ Weaken internal controls
 - ④ Fewer employees stretched with more responsibility
 - ④ Inexperienced employees in unfamiliar roles
 - ④ Create increased opportunities for fraud and reduce the risk of being caught
 - ④ Create morale problems and resentment which can lead to fraud

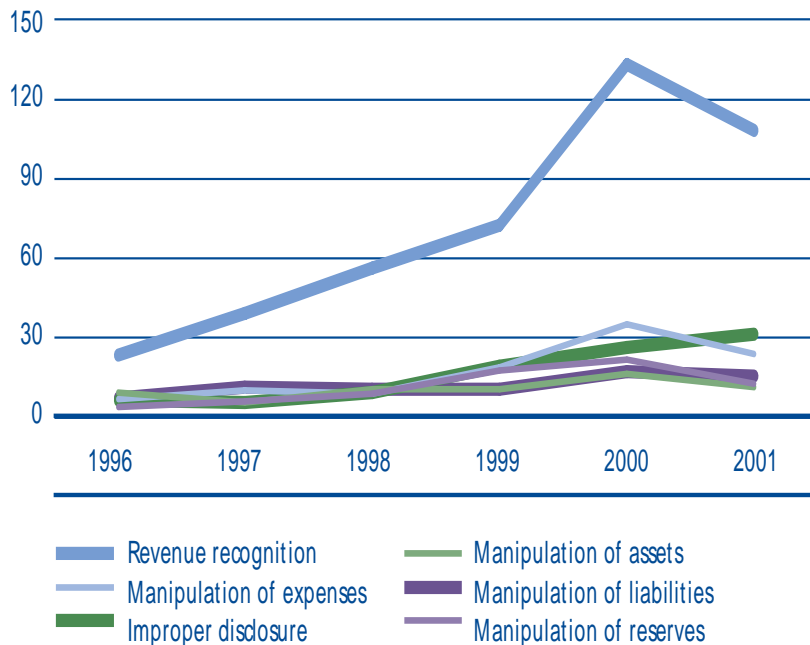


Financial statement fraud

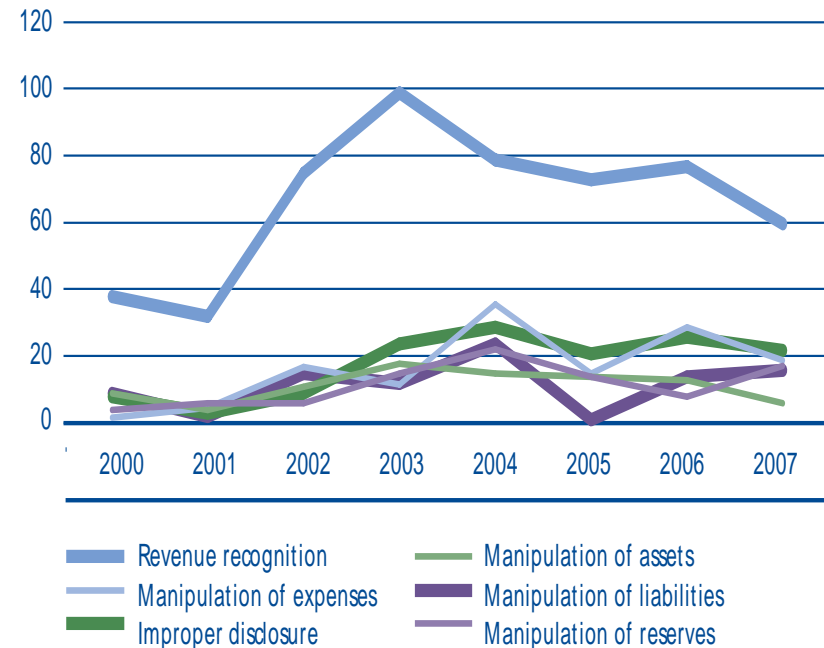
- ◉ A review of SEC enforcement releases, 2000–2007

What are the trends for the “top” six fraud types?

Incidence of top six fraud schemes, by scheme date

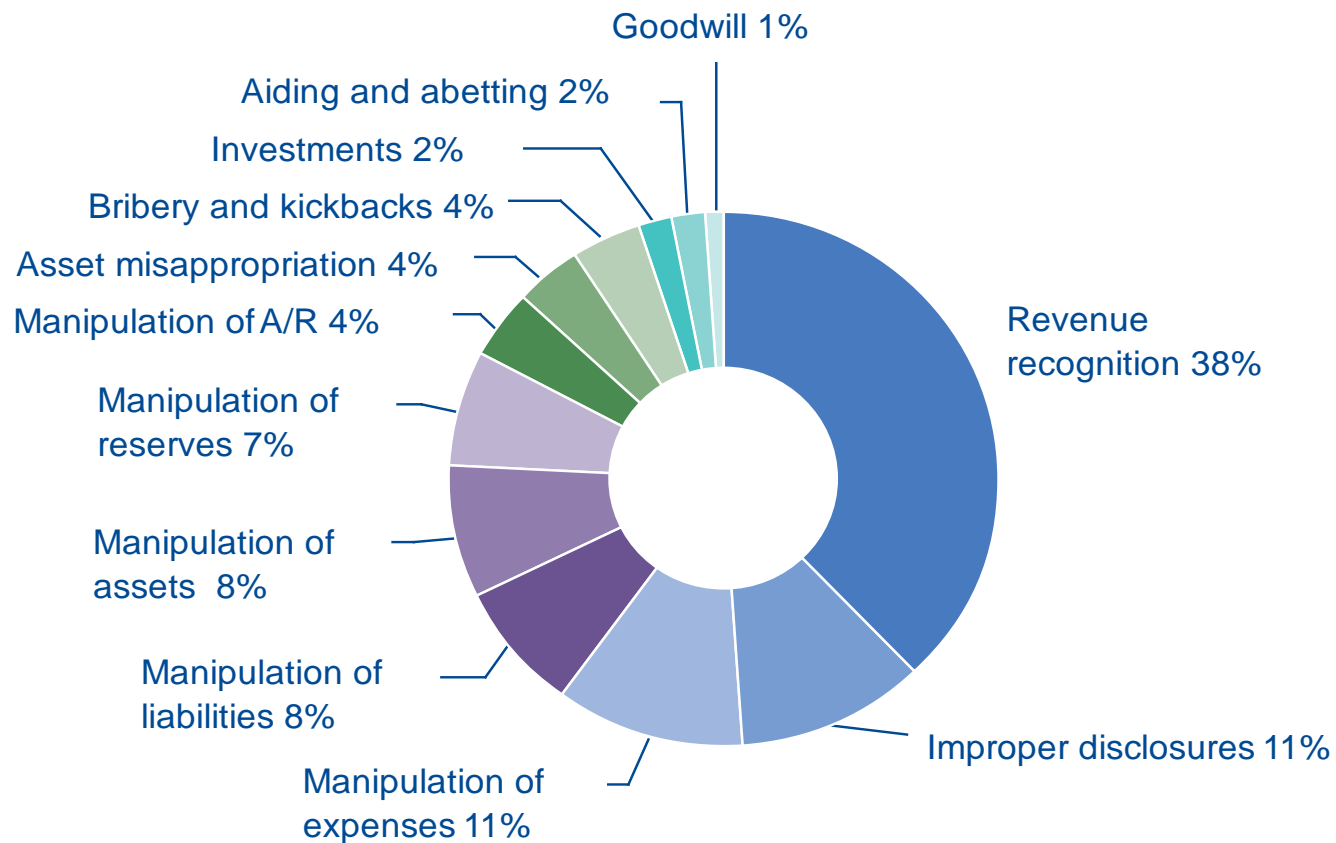


Incidence of top six fraud schemes, by release date



What fraud schemes are most common?

Fraud frequency, by type



Antifraud programs & controls

- ④ Control Environment
 - ④ Tone at the Top
 - ④ Audit Committee and Board Oversight
 - ④ Internal Audit Involvement
 - ④ Code of Conduct/Ethics
 - ④ Ethics/Whistleblower Hotlines
 - ④ Training
 - ④ Hiring and Promotion Standards and Procedures
 - ④ Responses to control deficiencies and allegations of fraud
- ④ Information and communication
- ④ Anti-fraud control activities
- ④ Monitoring

Fraud Risk Management Key Roles & Responsibilities Discussion Sheet

- Strong controls against fraud and corruption are the responsibility of all, including staff. Staff should:
 - Understand their role within the internal control framework
 - Read and understand policies and procedures, including fraud policy, code of conduct, whistleblower policy as well as other operational policies such as procurement manuals, etc.
 - As required, participate in the process of creating a strong control environment, designing and implementing control activities, and participate in monitoring activities
 - Report incidences of fraud and corruption
 - Have a basic understanding of fraud and corruption, and be aware of red flags
- Overall responsibility for the design and implementation of internal control program which includes controls to prevent, deter, and detect fraud. The components of antifraud control program includes:
 - Fraud Risk Assessment
 - Control Environment
 - Control activities
 - Information & Communication
 - Monitoring
- Sets the “tone at the top”; must be clearly stated in fraud risk management policy documents and reinforced through proper communication
- Active and involved; have understanding of what constitutes fraud/corruption risk
 - Help set “tone at the top”
 - Are independent from management
 - Oversight of fraud and corruption risk assessment
 - Evaluate management’s identification of fraud and corruption risks
 - Overseeing the internal controls over financial reporting established by management
 - This responsibility must be reflected in the Board of Directors and Audit Committee charters
 - Assessing the risk of financial fraud by management
 - Ensuring controls are in place to prevent, deter and detect fraud by management
- Independently reports to the audit committee.
- Active role in the design, implementation, and oversight of antifraud programs and controls, including:
 - Assist in the development of antifraud controls
 - Detect and deter fraud and corruption
 - Proactive auditing to search for corruption, misappropriation of assets and financial statement fraud.
 - Evaluate effectiveness of antifraud controls & communicate deficiencies and weaknesses to management & audit committee.
- Exercise professional skepticism
- Have discussions among engagement personnel regarding the risks of material misstatement due to fraud
- Obtain the information needed to identify risks that may result in a material misstatement due to fraud
- Assessing the identified risks taking into account the entity’s programs & controls
- Responding to the results of the assessment
- Evaluating audit evidence
- Communicating about fraud to management, the audit committee and others
- Documenting the auditor’s consideration of fraud

We've uncovered an incident. Now what?

Investigative steps

1. Understand the nature /source of the allegation before initiating full-scale investigation
2. Determine who should conduct the investigation; consider retaining outside experts specialized in investigations
3. Agree on form / recipient of reporting
4. Preserve evidence
5. Fact finding
 1. Interviews
 2. Document review
6. Analysis
7. Reporting

Investigation Plan: Communication

- ④ Form a crisis team and in a big crisis isolate the team from other daily responsibilities
- ④ Prepare a holding statement until facts are ascertained
- ④ Consider all audiences / stakeholders
- ④ Ensure crisis team controls flow of information in and out of organization
- ④ Deploy rapid communication protocols to keep internal audiences updated
- ④ Consider messages that include the 5 R's:
 - ④ Regret
 - ④ Resolution
 - ④ Reform
 - ④ Restitution (if necessary)
 - ④ Responsibility (if necessary)
- ④ Operate as if facts already publicly known – journalists may have inside sources

Don't

- ④ Think that the problem will go away
- ④ Lie or become combative
- ④ Forget that the internet is global and instantaneous
- ④ Avoid telling the truth to protect someone who has made a bad decision, become combative

Responding to fraud: Litigating strategically

- ④ Act quickly and decisively
- ④ Make a plan
- ④ Be results-oriented
- ④ Keep broader considerations in mind
- ④ Exert pressure early

Not For the Faint of Heart: The Initial Response

- ④ The first days are critical
 - ④ The President has 100 days
 - ④ You have 3 to 7
- ④ Make clear-sighted, objective decisions – and do it fast
- ④ Decision-making
 - ④ Take it away from those affected
 - ④ Give it to an independent, objective, experienced decision-maker



Not For the Faint of Heart: The Initial Response (cont.)

- ④ Assemble the right team, internal and external
 - ④ Counsel
 - ④ Forensic accountant
 - ④ IT and/or computer forensics



Be Results-Oriented

- ⦿ Don't just mindlessly chase the perpetrator
- ⦿ Identify your objectives
- ⦿ "Horses for courses"
 - ⦿ Choose a plan that suits the circumstances

Be Results-Oriented (cont.)

- ⦿ Ignore dead-ends and slow-ends that consume time and resources without real payback
- ⦿ Target a realistic outcome
- ⦿ Litigation should be part of your strategy, not the strategy

Keep in Mind Broader Considerations

- ④ Containment
- ④ Publicity and reputational risk
- ④ Required or recommended reporting
 - ④ Senior management or Board of Directors
 - ④ Auditors
 - ④ Regulator
 - ④ Police agencies
 - ④ Other affected parties

Keep in Mind Broader Considerations (cont.)

- ④ Recovery
- ④ Deterrence
- ④ Learn lessons for the future
 - ④ Correct the problem
 - ④ Adjust internal controls and policies



Litigating Effectively

- ④ Exert pressure early
 - ④ Identify and tie up assets
 - ④ Force the perpetrator into the box as early as possible



Interim Relief

- ⦿ Be creative in approaching interim solutions
 - ⦿ Mareva injunction
 - ⦿ Anton Piller Order
 - ⦿ Preservation Order
 - ⦿ Certificate of Pending Litigation

Interim Relief (cont.)

- ④ Appointment of a Receiver
- ④ Assignment in Bankruptcy
- ④ Interim relief under the Oppression Remedy
- ④ Asset identification
 - ④ Affidavit of assets
 - ④ Production of documents in aid of tracing



Risks of Failing to Properly Manage the Recovery Process

- ⦿ Getting mired in lengthy and costly proceedings
- ⦿ Low net recovery
- ⦿ Tainted or compromised evidence

Risks of Failing to Properly Manage the Recovery Process (cont.)

- ④ Defence successfully makes the focus the investigation and not the underlying fraud
- ④ Defamation and other counterclaims
- ④ Reputational risk
 - ④ Loss of investor and public confidence
 - ④ Adverse publicity



Is it time to restructure?

John Grieve, Fasken Martineau
Jervis Rodrigues, Deloitte

Managing Liquidity Risk

- ⑥ Where's the best place to find cash in times like these?
 1. Working capital
 - ⑥ Relationships with customers and suppliers
 - ⑥ New view of inventory
 - ⑥ Supplier risk
 - ⑥ Customer payment cycles; discounts
 - ⑥ Inventory
 - ⑥ Factoring

Managing Liquidity Risk

2. Cost Reduction

- ⑥ Projects that may be cancelled or delayed without breaking the business (Reconsider CAPEX)
- ⑥ Hold management accountable for results
- ⑥ Review process, sell assets and manage working capital

Managing Liquidity Risk

Time to Make the Call to Your Lender/Stakeholders

1. Nurture a strong working relationship with your banker

2. Talk to your banker and apprise on these five things:
 - ⦿ The Basics (control, cost cutting, etc.)
 - ⦿ Customers (creditworthiness, payments/collections)
 - ⦿ Cash (12 and 24 cash projections)
 - ⦿ Contingency Plans (scenario planning and what if's)
 - ⦿ Growth (after the down-cycle)

Managing Liquidity Risk

Time to Make the Call to Your Lender/Stakeholders

3. Better to Ask for Permission than for Forgiveness
4. Make yourself indispensable
5. The Bank doesn't want to enforce
6. Credibility is the key

Responding to Default Risks by Business Partners, Suppliers and Customers

- ④ Information and knowledge is key
- ④ If it looks bad it probably is
- ④ Use of Letters of Credit
- ④ Insurance on receivables from customers in foreign jurisdictions
- ④ Race is to the Swiftest
- ④ Pricing: must reflect the credit risk involved

Responding to Default Risks by Business Partners, Suppliers and Customers

- ④ Use of Formal/Informal recovery procedures;
 - ④ Cash collateral
 - ④ COD terms for shipments
 - ④ “The best of business deals can become ugly during volatile, challenging economic times.”
 - ④ Get your security upfront
 - ④ Protect yourself upfront
 - ④ Talk to Your Lawyers/Advisors
 - ④ Unpaid suppliers rights
 - ④ Consignments
 - ④ PMSI’s

Current Issues in Restructuring & Turnarounds

Background

- ⦿ Old Chinese proverb: It's a curse to live in interesting times
- ⦿ Problem areas
 - ⦿ Real estate--have you noticed
 - ⦿ Forestry
 - ⦿ Oil and gas
 - ⦿ Automotive

Current Issues in Restructuring & Turnarounds

Background

- ⦿ Statistics
 - ⦿ Personal Bankruptcies are up over 35% in the same period this year as last
 - ⦿ Corporate Bankruptcies have remained constant, but the dollars involved have gone way up
 - ⦿ Traditional receiverships on the rise. Anecdotally, at least double what they were a year ago
 - ⦿ CCAA's way up. BC Supreme Court Registry confirms a 400% increase in filings from same time last year

Current Issues in Restructuring & Turnarounds

Liquidating CCAA's

- ④ Benefits and detriments
 - ④ employee issues, environmental, pensions, unions

- ④ Pope and Talbot
 - ④ Serving the wider interests of the Community
 - ④ No Plan necessary
 - ④ Brenner CJBC: impracticable to make a plan in large CCAA's in early stages

Current Issues in Restructuring & Turnarounds

Liquidating CCAA's

- ② Cliff's Over Maple Bay
 - ② An act to facilitate compromises and arrangements between companies and creditors
 - ② Stay of proceedings is not a free standing remedy (Tysoe J.A.)
 - ② Don't get to implement fundamental elements without creditor approval

Current Issues in Restructuring & Turnarounds

Liquidating CCAA's

- ④ Treatment of Cliffs over elsewhere
 - ④ K2, Madam Justice Romaine
 - ④ Winnipeg Motors, Madam Justice Suche
- ④ Where are we now: Forest & Marine

Current Issues in Restructuring & Turnarounds

Liquidating CCAA's

- ④ Strategy for creditors
 - ④ Speak now or forever hold your piece

- ④ Strategy for Debtors
 - ④ Formulate the germ of a plan
 - ④ Obtain consent.
 - ④ Importance of major secured creditor support

Current Issues in Restructuring & Turnarounds

Chapter 15

- ④ Background and applications
- ④ Pope & Talbot
- ④ Ascalade Communications
- ④ Chemokine Therapeutics
- ④ Evergreen Gaming Corp. / Washington Gaming

Deloitte.

**FASKEN
MARTINEAU** 

Key Points

Key Points

- ④ Supply of both debt and equity under significant pressure, and conditions remain fragile.
- ④ Canadian lenders cautious, especially with new credits and in unloved sectors.
- ④ Public equity markets remain highly volatile – private equity very selective, be prepared.
- ④ Alternative sources of funding do exist – take advice and do your research.

Key Points

- ⑥ Fraudulent financial reporting is the most damaging type of fraud for an organization.
- ⑥ The risk of financial reporting fraud rises significantly in an economic downturn, and revenue recognition is by far the most common type.
- ⑥ When faced with a problem, seek professional advice immediately and have a plan in place before starting an investigation.
- ⑥ When faced with litigating a fraud claim, be swift, creative and disciplined.

Key Points

- ⑥ Integrity and anticipation: go to your lender early, honestly and with a plan to manage the current situation.
- ⑥ Liquidating CCAA's: there are limits on the use of the CCAA as a vehicle to liquidate assets prior to voting on a plan of arrangement.