

# Saskatchewan



Justice

The Sheriff and  
Local Registrar  
Judicial Centre  
of Swift Current

Court House  
121 Lorne Street West  
Swift Current, Canada  
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Your File:  
Our File:

QBG 25/09

January 27, 2009

Joel Hesje, Q.C.  
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374 - 3<sup>rd</sup> Avenue South  
Saskatoon, SK S7K 1M5

**Re: Saskatchewan Telecommunications and Wireless Age Communications Ltd.  
AND Wireless Source Distribution Ltd.**

The above mentioned matter was reserved by Mr. Justice M. Herauf in Chambers on Monday, January 22, 2009. We wish to advise you that Mr. Justice Herauf has rendered his decision as follows:

"January 27, 2009

M. Herauf

On January 9, 2009 SaskTel obtained an ex-parte order appointing an Interim Receiver for Wireless Age and Wireless Source. SaskTel was about to send a Notice of Intent to enforce security under section 244(1) of the BIA and sought the appointment of the Interim Receiver pursuant to section 47 of the BIA.

SaskTel raised three concerns to justify the request for the appointment:

- Wireless Age and/or Wireless Source ceased to meet their liabilities as they became due;
- Wireless Age and Wireless Source have paid significant amounts of money to their parent companies;
- Wireless Age and Wireless Source faced a significant working capital deficiency and could not provide adequate inventory to their business locations.

From my reading of the material filed in support of the application for the appointment there was ample evidence to support the grant of the appointment of the Interim Receiver.

The Wireless companies have now requested that the appointment of the Interim Receiver be set aside. They do so on the basis that SaskTel failed to disclose material facts to the Court relating to payments made by the companies to SaskTel pursuant to a repayment agreement; the fact that Wireless Age was not indebted to SaskTel; and the fact that SaskTel was indebted to Wireless Age.

**The Wireless companies also submit that the order should be set aside as all parties are sophisticated and should be left to solve the debt situation between themselves without the intervention of the Court.**

**This application, for the benefit of all parties, requires a swift determination. Therefore I intend to be brief and frank in my remarks. The application is dismissed for the following reasons:**

**- It is pie in the sky for the companies to even imagine that they can salvage their relationship with SaskTel and resume operations as before. The parties have been negotiating for months and SaskTel has now made it clear that it intends to terminate the relationship.**

**- The companies have continued, even after giving assurances, to direct monies to their parent companies to their own detriment and certainly to the detriment of SaskTel. The failure of the companies to verify in writing that they would cease and desist this action confirms SaskTel's suspicions that they did not intend to do so. I agree with SaskTel on this point.**

**- The materials filed by SaskTel adequately disclosed the fact that the companies had made all payments under the repayment agreement with SaskTel.**

**- As far as I am concerned the guarantees executed by Wireless Age made it jointly and severally liable for the debt along with Wireless Source to SaskTel.**

**- SaskTel had every right to improve its security position vis-a-vis the companies in order to protect its position. Exercising its right to withhold payments that it owed to Wireless Age and apply these payments to the debt was not only logical but justified. Any attempt by the companies to use this as a reason for their financial difficulties is disingenuous.**

**- Ian Schofield, an experienced and respected insolvency and restructuring professional identified in his report in December, 2008 and confirmed in the first report of the Interim Receiver serious cash flow problems, serious inventory problems and massive payments to parent companies classified as advances and/or management fees.**

**- I accept and adopt the statement of the interim Receiver that both Wireless Age and Wireless Source are insolvent and would not be able to carry on their current operations if the receivership order was set aside.**

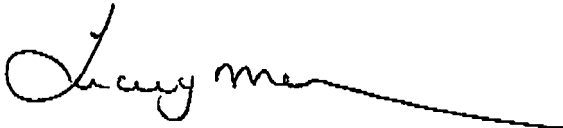
**- The companies Manitoba operations were in the same dire financial position as the Saskatchewan**

**operations. I acknowledge the likelihood that a similar application would have been made in Manitoba by MTS if the Saskatchewan order had not been made first.**

**- The appointment of the Interim Receiver provides the only hope for the business operations of Wireless Age and Wireless Source to continue with the retention of the current staff.**

**The application to set aside the ex-parte order appointing the Interim Receiver is dismissed with costs to SaskTel fixed at \$500.00 payable forthwith."**

Yours truly,



Tracey McCann  
Deputy Local Registrar

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