



Broadcasting Decision CRTC 2010-832

PDF version

Route reference: 2010-551

Additional references: 2010-138 and 2010-138-3

Ottawa, 9 November 2010

Fight Media Inc.

Across Canada

Application 2010-0150-3, received 5 February 2010

Public Hearing in Saskatoon, Saskatchewan

6 October 2010

The Fight Network and Le Réseau des Combats – Corporate reorganization (acquisition of assets)

*The Commission **approves** the application by Fight Media Inc. for authority to acquire, as part of a corporate reorganization, the assets of the Category 2 specialty television services known as The Fight Network and Le Réseau des Combats from The Fight Network Inc. and for new broadcasting licences to continue their operation under the same terms and conditions as those in effect under the current licences.*

The application

1. The Commission received an application by Fight Media Inc. (Fight Media) for authority to acquire, as part of a corporate reorganization, the assets of the Category 2 specialty television programming undertakings known as The Fight Network and Le Réseau des Combats from The Fight Network Inc. (TFN Inc.) and for new broadcasting licences to continue the operation of the undertakings under the same terms and conditions as those in effect under the current licences.
2. TFN Inc. is wholly owned and controlled by TFN Global Inc. (TFN Global), which in turn is controlled by Mayhem Media Corp. (Mayhem). Mayhem is a corporation owned and controlled by Mr. Edwin Nordholm and Mr. Loudon Owen, each of whom holds 50% of the voting interest in the company.
3. On 2 November 2007, the Commission issued a letter of authority approving a change in the effective control of TFN Inc. from Mr. Michael Garrow to Mayhem (application 2007-1288-7). Following this approval, Mayhem advanced loans to TFN Global and obtained security interest in all the assets of TFN Global and TFN Inc. Mayhem subsequently sold participation interests in the loans to various parties (the Participants). The loans are in default and Mayhem has demanded repayment. In accordance with section 65 of the Ontario *Personal Property Security Act*, Mayhem has foreclosed on the collateral, which excludes TFN Inc.'s current licences.

4. Mayhem and the Participants intend to reorganize and recapitalize the undertakings. Under the current proposal, Fight Media will acquire the assets from Mayhem and TFN Inc. and is requesting new broadcasting licences to continue the operation of the undertakings under the same terms and conditions as those in effect under the current licences. Following the acquisition and the issuance of licences, Fight Media will assume responsibility for all current trade payables and regulatory obligations. Fight Holdings Inc. (Fight Holdings), the parent corporation of Fight Media, will initially be held by Mayhem Capital LP (Mayhem LP),¹ a limited partnership controlled by its general partner Mayhem GP Corp. (Mayhem GP). All of the issued and outstanding voting shares of Mayhem GP will be owned by Mr. Nordholm and Mr. Owen (50% each). Participants will exchange their participation interests in the loans for either voting shares of Fight Holdings or limited partnership interests in Mayhem LP under an exchange agreement.
5. As a result of these proceedings and multi-step transactions, Fight Media will be wholly owned by Fight Holdings, which in turn will be owned by Mayhem LP (the principal shareholder with more than 50% of the voting interest) and other shareholders, none of whom will own more than 10% of the voting interest. The transaction will not result in a change in control of the undertakings as Mr. Nordholm and Mr. Owen will continue to control the licensee by virtue of their control of Mayhem GP and their ability to elect a majority of directors on the boards of directors of both Fight Holdings and Fight Media.

Interventions and applicant's reply

6. The Commission received a number of interventions in opposition to this application. The interventions and the applicant's reply can be found on the Commission's website at www.crtc.gc.ca under "Public Proceedings."
7. A number of interveners opposed the application on the grounds that they were involved in civil proceedings against TFN Inc. and/or its principals and that the Commission's approval of the application would frustrate their claims. In particular, Mr. Garrow stated that approval of the application would deprive him of any damages arising from his lawsuits since all assets and receivables would be transferred to Fight Media. Mr. Garrow also submitted that one of the issues before the courts is the ownership of shares in TFN Global.
8. In reply, the applicant stated that the issues raised by the interveners were outside the purview of the Commission under the *Broadcasting Act* (the Act) and that the resolution of the court proceedings would not impact the current application before the Commission and would not alter the effective control of TFN Global by Mr. Nordholm and Mr. Owen.

Commission's analysis and determinations

9. The Commission considers that it was not presented with any evidence that the effective control of the current licensee was at stake in the above-noted civil proceedings. Furthermore, the Commission considers that the interveners have not demonstrated how

¹ Mayhem LP consists of Mayhem GP Corp. as the general partner and 1535734 Ontario Limited as limited partner together with various other Canadian limited partners.

the ongoing civil proceedings are relevant to the exercise of the Commission's jurisdiction to authorize transactions under the Act. Consequently, the Commission does not consider that it would be appropriate to deny the application on the basis of ongoing litigation involving the current licensee or its principals.

10. Accordingly, the Commission **approves** the application by Fight Media Inc. for authority to acquire, as part of a corporate reorganization, the assets of the Category 2 specialty television programming undertakings known as The Fight Network and Le Réseau des Combats from The Fight Network Inc. and for new broadcasting licences to continue the operation of the undertakings under the same terms and conditions as those in effect under the current licences.
11. Upon surrender of the current licence issued to TFN Inc., the Commission will issue a new licence to Fight Media Inc. This licence will expire on 31 August 2012, the expiry date of the current licence,² and will be subject to the same terms and conditions as those in effect under the current licence. The licence for Le Réseau des Combats will be issued once the applicant has satisfied the terms set out in the appendix to *Le Réseau des Combats – Category 2 specialty service*, Broadcasting Decision CRTC 2008-332, 1 December 2008.

Secretary General

**This decision is to be appended to each licence.*

² The licence was administratively renewed from 1 September 2010 to 31 August 2012 in *Administrative renewals*, Broadcasting Decision CRTC 2010-562, 9 August 2010.