

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) WEDNESDAY, THE 17<sup>TH</sup>  
JUSTICE HAINEY ) DAY OF JUNE, 2020

BETWEEN:

**1616292 ONTARIO LIMITED, 909413 ONTARIO LIMITED, RC INVESTMENTS INC.,  
NITI KHANNA, HENCO FINANCIAL INC., 2323583 ONTARIO INC.,  
and 2131774 ONTARIO INC.**

Applicants

and

**2541900 ONTARIO LTD.**

Respondent

**APPROVAL, VESTING, DISTRIBUTION  
AND DISCHARGE ORDER**

**THIS MOTION**, made by msi Spergel Inc. in its capacity as the Court-appointed receiver (the "Receiver") without security, of all of the assets, undertakings and properties of 2541900 Ontario Ltd. (the "Debtor") for an order:

- (a) approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and 2437859 Ontario Inc. (the "Purchaser") dated May 4, 2020 and appended to the First Report of the Receiver dated June 8, 2020 (the "First Report"), and vesting in 2758383 Ontario Inc. pursuant to the

Direction Re Title of the Purchaser, the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets");

- (b) for distribution of the net proceeds of realization of the Receiver from the Transaction; and
- (c) for the discharge of the Receiver,

was heard this day at 330 University Avenue, Toronto, Ontario, by video conference in accordance with the changes to the operation of the Commercial List and the Chief Justice's Notice to the Profession.

**ON READING** the Notice of Motion, the First Report and appendices thereto, the confidential appendices to the First Report ("Confidential Appendices") and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Sherine Burke sworn June 8, 2020, filed:

1. **THIS COURT ORDERS AND DECLARES** that any requirement for service of the Notice of Motion, the First Report and Motion Record be and is hereby abridged, that the Motion is properly returnable today and that all parties requiring notice of this Motion have been duly served and that service on all parties is hereby validated and any further service is hereby dispensed with.
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to 2758383 Ontario Inc.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to 2758383 Ontario Inc. substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to 2758383 Ontario Inc. Assets described in the Sale Agreement and listed on Schedule B hereto, shall vest absolutely in 2758383 Ontario Inc., free and clear of and from any and 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 (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Hainey dated December 16, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule C hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.
4. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the [Registry Division of Peel (No. 43) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*], the Land Registrar is hereby directed to enter 2758383 Ontario Inc. as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.
5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the

delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.
7. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to 2758383 Ontario Inc. all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, 2758383 Ontario Inc. shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.
8. **THIS COURT ORDERS** that, notwithstanding:
  - (a) the pendency of these proceedings;
  - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
  - (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in 2758383 Ontario Inc. pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable

federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

9. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Retail Sales Tax Act* (Ontario).
10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
11. **THIS COURT ORDERS** that the conduct, activities and actions of the Receiver as set out in the First Report be and are hereby authorized and approved.
12. **THIS COURT ORDERS** that the Receiver's Interim Statement of Receipts and Disbursements, as detailed in the First Report, are hereby approved.
13. **THIS COURT ORDERS** that the Receiver's Fees and its Counsel Fees, as detailed in the First Report, are hereby approved and the Receiver is authorized to pay the same. In addition, the fee accrual as specified in the Supplement to the First Report to be incurred to the completion of these proceedings is and the same is hereby approved.
14. **THIS COURT ORDERS** that the Confidential Appendices as defined in the First Report are hereby sealed until the completion of the Sale Agreement or until further order of the Court.

15. **THIS COURT ORDERS** that after payment of the Receiver's Fees and its Counsel Fees herein approved and subject to the Receiver maintaining sufficient reserves to satisfy all charges as set out in the Appointment Order and as the Receiver deems necessary to complete the administration of the Receivership proceedings, the Receiver is hereby authorized to make a distribution to:

- (a) the First Mortgagee, as defined in the First Report, or as they may direct in writing, in the maximum amount of \$3,360,652.11 plus interest from June 17, 2020 at a per diem rate of \$714.94; and
- (b) the Second Mortgagee, as defined in the First Report, or as they may direct in writing, in the maximum amount of \$2,178,244.29 plus interest from May 31, 2020 at a per diem rate of \$648.77,

in full and final satisfaction of the indebtedness and liabilities owed to them respectfully by the Debtor.

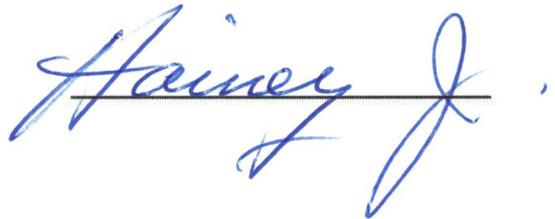
16. **THIS COURT ORDERS** that upon the Receiver paying to the Second Mortgagee the maximum amount described in paragraph 15(b) hereof;

- (a) 2541900 Ontario Limited shall have all of the right, title and interest and benefit of Gurcharan Bajwa in:
  - (i) Mortgage registered as Instrument No. LA210064 in the principal amount of \$2,000,000.00 made by 2145744 Ontario Limited in favour of Gurcharan Bajwa respecting PIN 43226-0127 (LT);
  - (ii) Mortgage registered as Instrument No. PR3391176 in the principal amount of \$2,000,000.00 made by 2571279 Ontario Inc. in favour of Gurcharan Bajwa respecting PIN 14213-0053 (LT).
- (b) Gurcharan Bajwa shall immediately deliver to the Receiver, Transfer of Charge with respect to the above described mortgages, such transfers being Appendix 3 and 4 to the Supplemental Report of the Receiver dated

June 15, 2020 and the Receiver to be at liberty to immediately register the same on title to the subject mortgaged property in the respective Land Registry Office and Gurcharan Bajwa shall do all things reasonably necessary to allow and assist the Receiver to conclude the aforesaid registration.

17. **THIS COURT ORDERS** that the Receiver is authorized but not obligated to file an Assignment for the General Benefit of Creditors with respect to 2541900 Ontario Ltd.
18. **THIS COURT ORDERS** that in accordance with paragraph 4(J) of the Appointment Order, that net proceeds from realization of the Receiver from the Transaction, after the payments described in paragraphs 13, 15(a) and 15(b) of the Order herein remain subject to the Mareva Order (as defined in the Appointment Order), including, for greater certainty, following any bankruptcy of the Debtor.
19. **THIS COURT ORDERS** that upon the Receiver filing a certificate with the Court certifying that it has completed the other activities described in the First Report, such certificate to be in accordance with Schedule E to this Order, the Receiver shall be discharged as Receiver of the Property of the Debtor (as defined in the Appointment Order), provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of msi Spergel Inc. in its capacity as Receiver.
20. **THIS COURT ORDERS** that msi Spergel Inc. be released and discharged from any and all liability that msi Spergel Inc. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of msi Spergel Inc., prior to the date of this Order, while acting in its capacity as Receiver herein save

and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, msi Spergel Inc. is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings prior to the date of this Order, including any claims made as against the proceeds that have been distributed by msi Spergel Inc. as determined or otherwise approved by the Court, save and except for any gross negligence or wilful misconduct on the Receiver's part.



**Schedule A – Form of Receiver’s Certificate**

Court File No. CV-19-00632527-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**1616292 ONTARIO LIMITED, 909413 ONTARIO LIMITED, RC INVESTMENTS INC.,  
NITI KHANNA, HENCO FINANCIAL INC., 2323583 ONTARIO INC.,  
and 2131774 ONTARIO INC.**

Applicants

and

**2541900 ONTARIO LTD.**

Respondent

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Justice Haaney of the Ontario Superior Court of Justice (the "Court") dated December 16, 2019, msi Spergel Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of 2541900 Ontario Ltd. (the "Debtor").

B. Pursuant to an Order of the Court dated June 17, 2020, the Court approved the agreement of purchase and sale made as of May 4, 2020 (the "Sale Agreement") between the Receiver and 2437859 Ontario Inc. (the "Purchaser") and provided for the vesting in 2758383 Ontario Inc. of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to 2758383 Ontario Inc. of a certificate confirming (i) the payment by 2758383 Ontario Inc. of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in sections 11 and 12 of the Sale Agreement

have been satisfied or waived by the Receiver and 2758383 Ontario Inc. ; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. 2758383 Ontario Inc. has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 11 and 12 of the Sale Agreement have been satisfied or waived by the Receiver and 2758383 Ontario Inc.; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**MSI SPERGEL INC.**, in its capacity as Court-Appointed Receiver of **2541900 ONTARIO LTD.** and not in its personal or corporate capacity and without personal or corporate liability

By: \_\_\_\_\_

Name:

Title:

I have authority to bind the Corporation.

## Schedule B – Purchased Assets

The lands and premises municipally known as Queen Street, Brampton, Ontario, and legally described as:

- PIN 14209-1729 (LT) - PT LT 6, CON 7 ND (TOR.GORE) DES PTS 1 & 2, PL 43R35777; SUBJECT TO AN EASEMENT IN GROSS OVER PT 2, PL 43R35777 AS IN PR2264406; CITY OF BRAMPTON
- PIN 14209-1730 (LT) - PT LT 6, CON 7 ND (TOR.GORE) DES PT 3, PL 43R35777; CITY OF BRAMPTON

## Schedule C – Claims to be deleted and expunged from title to Real Property

### 1. PIN 14209-1729 (LT)

- (a) Charge registered on November 14, 2016 as Instrument No. PR3026936;
- (b) Notice of Assignment of Rent registered on November 14, 2016 as Instrument No. PR3026937;
- (c) Notice of Mutual Access Easement Agreement registered on November 15, 2016 as Instrument No. PR3027965;
- (d) Transfer of Charge registered on November 10, 2017 as Instrument No. PR3234390;
- (e) Charge registered on October 9, 2018 as Instrument No. PR3391174;
- (f) Notice of Assignment of Rent registered on October 9, 2018 as Instrument No. PR3391175;
- (g) Restrictions Order registered on November 4, 2019 as Instrument No. PR3565130; and
- (h) Application to Register Court Order registered on January 10, 2020 as Instrument No. PR3599167.

### 2. PIN 14209-1730 (LT)

- (a) Charge registered on November 14, 2016 as Instrument No. PR3026936;
- (b) Notice of Assignment of Rent registered on November 14, 2016 as Instrument No. PR3026937;
- (c) Notice of Mutual Access Easement Agreement registered on November 15, 2016 as Instrument No. PR3027965;
- (d) Transfer of Charge registered on November 10, 2017 as Instrument No. PR3234390;
- (e) Restrictions Order registered on November 4, 2019 as Instrument No. PR3565131;
- (f) Application to Register Court Order registered on January 10, 2020 as Instrument No. PR3599167;
- (g) Charge registered on May 6, 2020 as Instrument No. PR3648388;

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants  
related to the Real Property**

**(unaffected by the Vesting Order)**

1. any reservation or unregistered restrictions, rights of way, easements or covenants that run with the land;
2. any registered or unregistered agreements or easements with a municipality or a supplier of utility services including without limitation, electricity, water, sewage, gas, telephone or cable television or any other telecommunication service;
3. any laws, by-laws and regulations;
4. any minor easements for the supply of utility service to the land or adjacent lands;
5. any encroachments disclosed by any errors or omissions in existing surveys of the Real Property or neighbouring properties and any title defect, encroachment or breach of zoning or building by-law or any other applicable law, by-law or regulation which might be disclosed by a more up-to-date survey or the Real Property and survey matters generally;
6. any exceptions and qualifications set forth in the *Land Titles Act* (Ontario);
7. any reservation contained in the original grant from the Crown;
8. any Land Registrar's registered orders;
9. any deposited reference plans.

Schedule E – Form of Receiver's Discharge Certificate

Court File No. CV-19-00632527-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

BETWEEN:

**1616292 ONTARIO LIMITED, 909413 ONTARIO LIMITED, RC INVESTMENTS INC.,  
NITI KHANNA, HENCO FINANCIAL INC., 2323583 ONTARIO INC.,  
and 2131774 ONTARIO INC.**

Applicants

and

**2541900 ONTARIO LTD.**

Respondent

**RECEIVER'S CERTIFICATE OF COMPLETION**

1. The Receiver hereby certifies that it has completed the activities described in the First Report of the Receiver dated June 8, 2020.

Dated: ....., 2020.

**MSI SPERGEL INC.**, in its capacity as Court-Appointed Receiver of **2541900 ONTARIO LTD.** and not in its personal or corporate capacity and without personal or corporate liability

By: \_\_\_\_\_

Name:

Title:

I have authority to bind the Corporation.

1616292 ONTARIO LIMITED ET AL  
Applicants

- AND -

2541900 ONTARIO LTD.  
Respondent

Court File No. CV-19-00632527-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(Commercial Court)

PROCEEDINGS COMMENCED AT TORONTO

**APPROVAL, VESTING, DISTRIBUTION  
AND DISCHARGE ORDER**

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**LSUC NO. AO15656-R**

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Lawyers for the Receiver, msi Spergel Inc.