

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ROYAL BANK OF CANADA

Plaintiff

and

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

MOTION RECORD OF THE RECEIVER

Returnable August 1, 2023

July 20, 2023

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Solicitors for the Receiver,
msi Spergel inc.

TO **SERVICE LIST**

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AND
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Receiver

AND

TO: **CANADA REVENUE AGENCY**

c/o Department of Justice
Ontario Regional Office
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AND

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THE MINISTRY OF FINANCE**

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AND

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THE MINISTRY OF FINANCE**

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Lawyers for Vellend Brothers Enterprises Inc.

AND

TO: **TOYOTA CREDIT CANADA INC.**

80 Micro Court
Markham ON L3R 9Z5

AND

TO: **VW CREDIT CANADA INC.**
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St-Laurent QC H4R 3B2
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AND

TO: **AUCTIONMAXX INC.**
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Etobicoke, ON M9A 1W5

Jayson Driver
VP of Business Development
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AND

TO: **WESTMARK FASHION DISTRIBUTION SERVICES LTD.**
70 Bethridge Road
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Tab 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ROYAL BANK OF CANADA

Plaintiff

and

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

**NOTICE OF MOTION
(returnable August 1, 2023)**

msi Spergel inc. ("**Spergel**") in its capacity as Court-appointed receiver (the "**Receiver**") appointed pursuant to the Order of the Honourable Justice Steele dated May 16, 2023 (the "**Appointment Order**") of the Property, as defined in the Appointment Order, of Vellend-Tech Inc. (the "**Debtor**"), will make a Motion to a Judge.

PROPOSED METHOD OF HEARING: The Motion is to be heard:

- In writing under subrule 37.12.1 (1) because it is on consent;
- In writing as an opposed motion under subrule 37.12.1 (4);
- In person;
- By telephone conference;
- By video conference.

at the following location:

On August 1, 2023 at 9:30 a.m., or as soon after that time as the Motion can be heard by judicial teleconference via Zoom at Toronto, Ontario.

THE MOTION IS FOR:

1. An Approval and Vesting Order, substantially in the form attached hereto at Schedule “A”, *inter alia*, approving the sale contemplated by the Agreement of Purchase and Sale dated July 20, 2023 (the “**Asset Purchase Agreement**”) between the Receiver and Auctionmaxx Inc. (“**Auctionmaxx**”) of certain of the Property of the Debtor (the “**Sale Assets**”), and upon delivery of a receipt for payment in full by the Receiver to Auctionmaxx, *inter alia*, vesting all of the right, title and interest in and to such Sale Assets absolutely in Auctionmaxx free and clear of and from any security, charge or other restriction;
2. An Order (Distribution and Discharge) substantially in the form attached hereto at Schedule “B”, *inter alia*:
 - a. That the time for service, filing and confirmation of the Notice of Motion and the Motion Record be abridged so that this motion is properly returnable today and dispensing with further service and confirmation thereof;
 - b. Approving the First Report of the Receiver dated July 20, 2023 (the “**First Report**”), and the activities and conduct of the Receiver set out therein and that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way the approval of the First Report;
 - c. Approving the Professional Fees and Fee Accrual (both as detailed in the First Report), and payment of same;
 - d. Approving the Receiver’s interim statement of receipts and disbursements as at July 19, 2023;
 - e. Approving the fees and disbursements of the Receiver and its counsel, Harrison Pensa LLP, and payment of same;
 - f. Approving the Proposed Distribution, as detailed in the First Report and defined herein;

- g. Sealing the Confidential Appendices to the First Report (the “**Confidential Appendices**”) until the completion of the Asset Purchase Agreement, or until a further order of this Court; and,
 - h. Discharging Spergel as the Receiver on the filing of the Certificate of Completion as provided for in the First Report, and releasing the Receiver from liability for its actions while acting in such capacity, save and except for the Receiver’s gross negligence or willful misconduct;
3. The costs of this motion on a substantial indemnity basis, if opposed; and,
 4. Such further and other relief as counsel may request and this honourable court may permit.

THE GROUNDS FOR THE MOTION ARE:

The Debtor and the Appointment of the Receiver

1. The Debtor is a company incorporated pursuant to the laws of the Province of Ontario, and was primarily engaged in the business of a bicycle and bicycle parts business from a leased premises located at 433 Horner Avenue, Etobicoke, ON M8W 4W3 (the “**Premises**”). The Debtor also had an arrangement with Westmark Fashion Distribution Services Ltd. located at 70 Bethridge Road, Toronto, ON (“**Westmark**” or the “**Third-Party Warehouse**”) for storing the excess inventory.
2. The Plaintiff, Royal Bank of Canada (the “**Bank**”), provided certain credit facilities to the Debtor.
3. The Bank is a secured creditor of the Debtor, and the Debtor is indebted to the Bank.
4. On May 16, 2023, the Bank applied for the Appointment Order. On the same day, the Honourable Justice Steele of the Ontario Superior Court of Justice (Commercial List) granted the Appointment Order appointing Spergel as court-appointed receiver of the Property (as defined in the Appointment Order) of the Debtor.

The Asset Purchase Agreement

5. Following its appointment, the Receiver sought and obtained an appraisal for the assets of the Debtor. The appraisal was conducted by Platinum Asset Services (the “**Platinum Appraisal**”).
6. Subsequent to its appointment, the Receiver commenced a sales process (the “**Sales Process**”), the particulars of which are as follows:
 - a. The Receiver sent an email invitation to various auctioneers for expressions of interest in the assets of the Debtor;
 - b. The Receiver placed an ad in the Insolvency Insider and on its website regarding the assets of the Debtor; and
 - c. The Receiver required all interested parties to sign confidentiality agreements prior to disclosing the asset listing for the auction.
7. Twenty-one (21) interested parties signed confidentiality agreements and obtained information related to the assets and the Receiver received four (4) written offers for the assets.
8. Following a review of the offers, the Receiver determined that the outright purchase offer from Auctionmaxx (the “**Maxx Offer**”) would net the highest realization and be the most appropriate transaction.
9. The Receiver’s decision to proceed by way of the Maxx Offer was based on the following factors:
 - a. The Receiver would not be required to expend resources managing an auction process;
 - b. The Receiver would be assured of the purchase price rather than having to rely on a percentage of the auction sales to determine its recovery;
 - c. The Maxx Offer is supported by the Bank.
10. It is the Receiver’s position that the Sales Process was thorough, impartial and a fair sales process that fully exposed the assets and tested the market. The Asset Purchase Agreement represents a commercially reasonable transaction which will maximize the

recovery from the sale of the assets of the Debtor, and is in the best interests of all stakeholders.

Sealing Order

11. Until such time as the Asset Purchase Agreement is complete, or until further order of this Court, the Receiver is of the view that the information and documentation contained in the Confidential Appendices should be sealed in order to avoid the negative impact that the dissemination of the confidential information contained therein would have.

Proposed Distribution

12. Following its appointment, the Receiver discovered that Westmark was owed \$47,213.06 as a result of its arrangement with the Debtor to store inventory. Westmark has provided copies of invoices to the Receiver with respect to the outstanding amounts owing.

13. Westmark has advised that it is relying on the *Repair and Storage Lien Act* (the “**RSLA**”) and asserted that it has a possessory lien over the inventory stored at Westmark.

14. The Receiver has reviewed the invoices provided and determined that the amount of \$47,213.06 is the outstanding amount owing to Westmark.

15. Pursuant to Paragraph 21 of the Appointment Order, the Receiver borrowed funds from the Bank in the principal amount of \$40,000 (the “**Receiver’s Borrowing**”) to fund its disbursements during the Receivership.

16. The Bank holds certain security over the Debtor, including a general security agreement dated June 7, 2005. The Receiver’s Counsel has reviewed the Bank’s security and subject to the usual assumptions and qualifications, has opined that the Bank’s security is validly perfected.

17. As at April 22, 2023, the Debtor is indebted to the Bank in the total amount of \$1,351,231.82 plus accruing fees and interest.

18. Following the closing of the Asset Purchase Agreement, if approved by the Court, all known assets of the Debtor, will have been realized on by the Receiver.

19. Therefore, the Receiver intends, with the approval of this Court, to complete the Proposed Distribution (as detailed in the First Report), following the payment of all Professional Fees and the Fee Accrual, as follows:

- a. To Westmark for the outstanding storage charges in the amount of \$47,213.06; and,
- b. To the Bank for repayment of the Receiver's Borrowing the balance of all funds residing in the Receiver's account less the Fee Accrual.

(Collectively, the "**Proposed Distribution**")

20. It is anticipated that there will not be sufficient funds to repay the Receiver's Borrowing in full, and accordingly there will be no funds available for distribution for any other stakeholders.

21. The Trustee seeks approval of the Proposed Distribution.

Approval of the Receiver's Accounts

22. The Appointment Order requires the Receiver and its legal counsel to pass its accounts from time to time.

23. The Receiver has properly incurred fees and disbursements as detailed in the First Report.

24. The Fees incurred by the Receiver for services provided by its legal counsel, Harrison Pensa LLP are detailed in the First Report.

25. The Receiver seeks the approval of the Professional Fees, and payment of same, as defined in the First Report.

26. The Bank, who will suffer a shortfall in these proceedings, supports the Receiver's fees and disbursements.

Discharge

27. Following the completion of the Asset Purchase Agreement, payment of the Proposed Distribution and Professional fees, and the filing of a certificate by the Receiver certifying

that all outstanding matters to be attended to in connection with the Receivership have been completed to the satisfaction of the Receiver, the Receiver will have completed the administration of the estate of the Debtor, and as such requests its discharge as Receiver.

28. Section 243 of the *BIA*.

29. Sections 100 and 137(2) of the *Courts of Justice Act*.

30. Rules 2, 3, 37, 38, and 60.10 of the *Rules of Civil Procedure*.

31. The grounds as detailed in the First Report.

32. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. The Appointment Order;
2. The First Report of the Receiver dated July 20, 2023, and the Appendices thereto; and,
3. Such materials as counsel may advise and this Honourable Court may permit.

July 20, 2023

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Solicitors for the Receiver,
msi Spergel inc.

To: Service List

SCHEDULE A-1

Revised: January 21, 2014

Court File No. ~~CV-23-00698375-00CL~~

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) ~~WEEKDAY~~TUESDAY, THE #1ST
JUSTICE ~~—~~KIMMEL) DAY OF ~~MONTH~~AUGUST, ~~20YR~~2023

B E T W E E N:

~~PLAINTIFF~~ ROYAL BANK OF CANADA

Plaintiff

- and -

~~DEFENDANT~~ VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

APPROVAL AND VESTING ORDER

THIS MOTION, made by ~~{RECEIVER'S NAME}~~ msi Spergel inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of ~~{DEBTOR}~~ Vellend-Tech Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an ~~agreement of purchase and sale~~ asset purchase agreement (the "Sale Agreement") between the Receiver and ~~{NAME OF PURCHASER}~~ Auctionmaxx Inc. (the "Purchaser") dated ~~{DATE}~~ July 20~~19~~, 2023 and appended to the Report of the Receiver dated ~~{DATE}~~ July 19, 2023 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets") and referenced in Schedule "B" hereto, was heard this day by judicial videoconference via Zoom at 330 University Avenue, Toronto, Ontario.

DOCSTOR: 1201927,14

ON READING the Report and on hearing the submissions of counsel for the Receiver, ~~[NAMES OF OTHER PARTIES APPEARING]~~, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~ Lindsay Ferguson sworn ~~[DATE]~~ July 20, 2023 filed¹:

1. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and the execution of the Sale Agreement by the Receiver³ 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 the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser 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 the Purchased Assets described in the Sale Agreement ~~and listed on Schedule "B" hereto~~⁴ shall vest absolutely in the Purchaser, 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"⁵) including, without limiting the generality of the foregoing:

~~¹This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

~~²In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

~~³In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

~~⁴To allow this Order to be free standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

⁵ The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out,

(i) any encumbrances or charges created by the Order of the Honourable Justice ~~[NAME] Steele~~ dated ~~[DATE] May 16, 2023~~; (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) 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.

~~3. — THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of [LOCATION] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of [LOCATION] of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act]⁶, the Land Registrar is hereby directed to enter the Purchaser 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.~~

4.3. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ 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 sale⁸, 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.

if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

⁶Elect the language appropriate to the land registry system (Registry vs. Land Titles).

⁷The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

⁸This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.

5.4. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6.5. 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 the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, ~~including personal information of those employees listed on Schedule "•" to the Sale Agreement~~. The Purchaser 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.

7.6. 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 the Purchaser 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.

~~8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).~~

9.7. 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.

Revised: January 21, 2014

Schedule A – Form of Receiver’s Certificate

Court File No. CV-23-00698375-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

BETWEEN:

PLAINTIFF ROYAL BANK OF CANADA

Plaintiff

- and -

DEFENDANT VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN VELLEND

Defendants

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~Steele of the Ontario Superior Court of Justice (the "Court") dated ~~[DATE OF ORDER]~~May 16, 2023, ~~[NAME OF RECEIVER]~~msi Spergel inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of ~~[DEBTOR]~~Vellend-Tech Inc. (the "Debtor").

B. Pursuant to an Order of the Court dated ~~[DATE]~~August 1, 2023, the Court approved the agreement of purchase and sale made as of ~~[DATE OF AGREEMENT]~~July 20~~th~~, 2023 (the "Sale Agreement") between the Receiver ~~[Debtor]~~ and ~~[NAME OF PURCHASER]~~Auctionmaxx Inc. (the "Purchaser") and provided for the vesting in the Purchaser 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 the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the

conditions to Closing as set out in ~~section 4.0~~ of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; 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. The Purchaser 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 ~~section 4.0~~ of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; 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].

~~[NAME OF RECEIVER]~~ msi Spergel inc., in its capacity as Receiver of the undertaking, property and assets of ~~[DEBTOR]~~ Vellend-Tech Inc., and not in its personal or corporate capacity

Per: _____

Name:

Title:

Revised: January 21, 2014

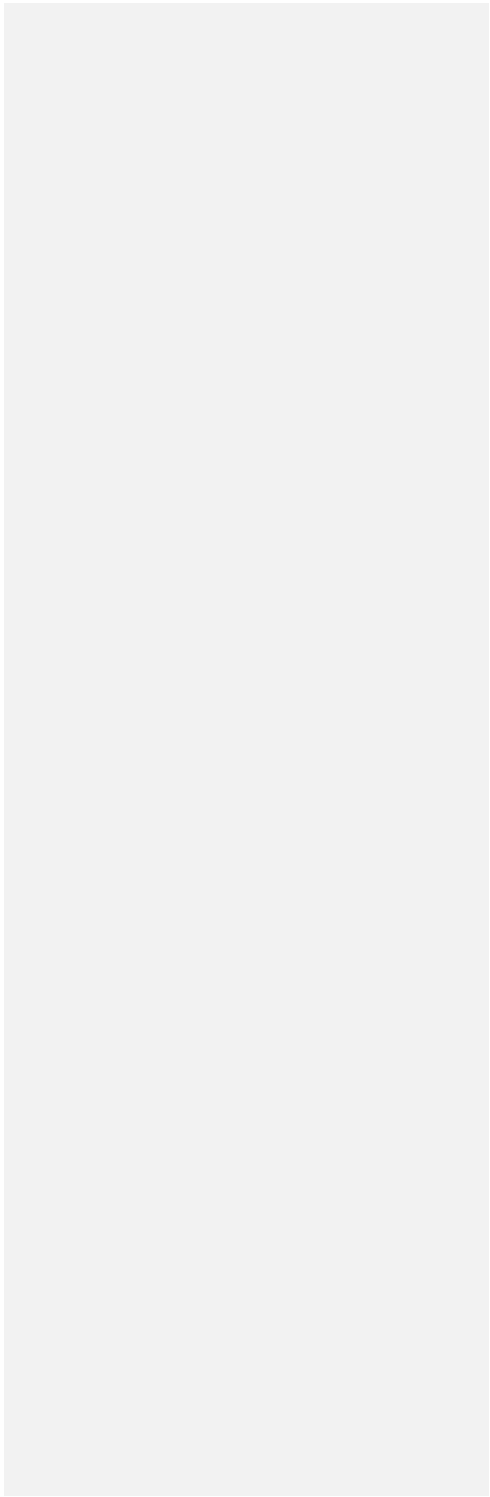
Schedule B – Purchased Assets

All assets referenced in the Sale Agreement.

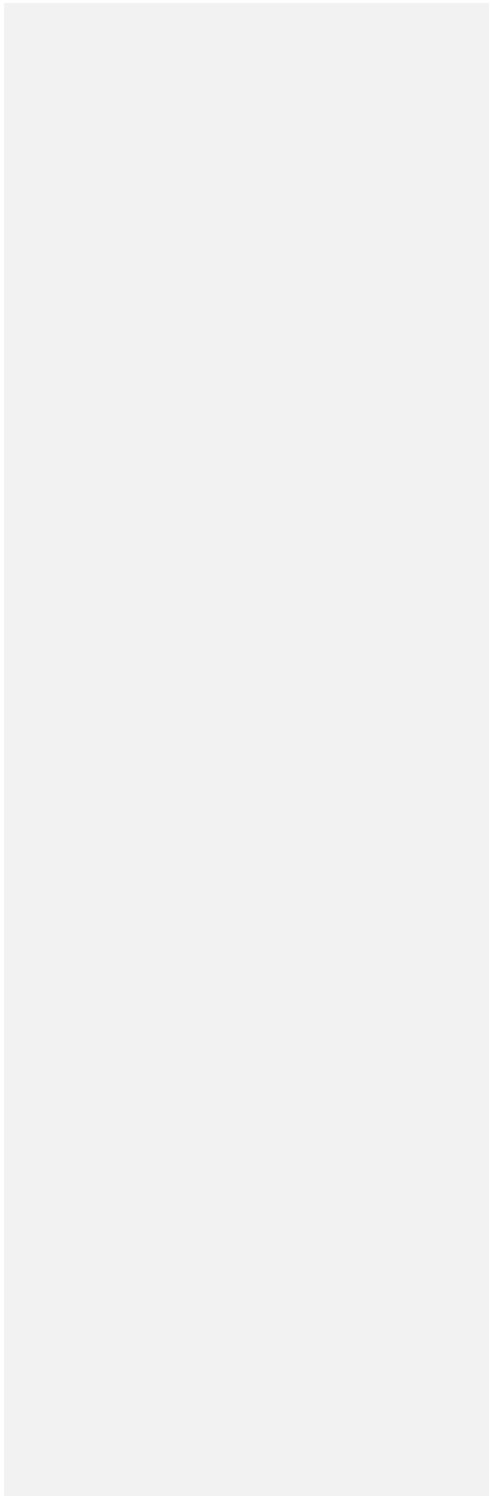
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Revised: January 21, 2014

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



~~Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property
(unaffected by the Vesting Order)~~



ROYAL BANK OF CANADA

v.

VELLEND-TECH INC. *et al.*

Plaintiff

Defendants

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

ORDER

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Lawyers for the Receiver,
msi Spergel inc.

SCHEDULE A-2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) TUESDAY, THE 1ST
JUSTICE KIMMEL) DAY OF AUGUST, 2023

B E T W E E N:

ROYAL BANK OF CANADA

Plaintiff

- and -

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

APPROVAL AND VESTING ORDER

THIS MOTION, made by msi Spergel inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Vellend-Tech Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement (the "Sale Agreement") between the Receiver and Auctionmaxx Inc. (the "Purchaser") dated July 20, 2023 and appended to the Report of the Receiver dated July 19, 2023 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets") and referenced in Schedule "B" hereto, was heard this day by judicial videoconference via Zoom at 330 University Avenue, Toronto, Ontario.

ON READING the Report 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 Lindsay Ferguson sworn July 20, 2023 filed:

1. 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 the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser 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 the Purchased Assets described in the Sale Agreement and listed on Schedule "B" hereto shall vest absolutely in the Purchaser, 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"¹) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Steele dated May 16, 2023; (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) 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.

¹ The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

3. 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.

4. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. 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 the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Purchaser 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.

6. 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 the Purchaser 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.

7. 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.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-23-00698375-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

B E T W E E N:

ROYAL BANK OF CANADA

Plaintiff

- and –

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN VELLEND

Defendants

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Steele of the Ontario Superior Court of Justice (the "Court") dated May 16, 2023, msi Spergel inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Vellend-Tech Inc. (the “Debtor”).

B. Pursuant to an Order of the Court dated August 1, 2023, the Court approved the agreement of purchase and sale made as of July 20, 2023 (the "Sale Agreement") between the Receiver and Auctionmaxx Inc. (the "Purchaser") and provided for the vesting in the Purchaser 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 the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; 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. The Purchaser 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 the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; 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 Receiver of the undertaking, property and assets of Vellend-Tech Inc., and not in its personal or corporate capacity

Per: _____

Name:

Title:

Schedule B – Purchased Assets

All assets referenced in the Sale Agreement.

ROYAL BANK OF CANADA

v.

VELLEND-TECH INC. *et al.*

Plaintiff

Defendants

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

ORDER

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Lawyers for the Receiver,
msi Spergel inc.

SCHEDULE B-1

Revised: May 11, 2010

Court File No. ~~CV-23-00698375-00CL~~

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) ~~WEEKDAY~~TUESDAY, THE #~~1~~ST
JUSTICE ~~KIMMEL~~) DAY OF ~~MONTH~~AUGUST, ~~20~~YR~~20~~23

B E T W E E N:

~~PLAINTIFF~~ ROYAL BANK OF CANADA

Plaintiff

- and -

~~DEFENDANT~~ VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

DISCHARGE ORDER

(DISTRIBUTION, DISCHARGE AND ANCILLARY)

THIS MOTION, made by ~~{RECEIVER'S NAME}~~ msi Spergel inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of ~~{DEBTOR}~~ Vellend-Tech Inc. (the "Debtor"), for an order:

1. That the time for service, filing and confirmation of the Notice of Moton and the Motion Record be abridged so that this motion is properly returnable today and hereby dispensing with further service and confirmation hereof;

2. Approving the activities of the Receiver as set out in the ~~First R~~report of the Receiver dated ~~{DATE}~~July 20, 2023 (the "~~First R~~Report") and that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way the approval of the First Report;

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~~3. Approving the fees of the Receiver and its counsel (the "Professional Fees") and disbursements of the Receiver and its counsel; the Fee Accrual, as defined and detailed in the First Report and payment thereof;~~

~~2-4. Approving the Receiver's Statement of Receipts and Disbursements as defined and detailed in the First Report (the "Statement of Receipts and Disbursements");~~

~~5. Approving the Proposed Distribution of the remaining proceeds available in the estate of the Debtor, as detailed and defined in the First Report; and~~

~~3-6. Sealing the Confidential Appendices to the First Report (the "Confidential Appendices") until the completion of the Asset Purchase Agreement (as defined in the First Report), or until further Order of this Court;~~

~~4-7. Discharging [RECEIVER'S NAME]msi Spergel inc. as Receiver of the undertaking, property and assets of the Debtor on the filing of the Certificate of Completion, as provided for in the First Report; and~~

~~5-8. Releasing [RECEIVER'S NAME]msi Spergel inc. from any and all liability, as set out in paragraph 85 of this Order¹;~~

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was heard this day ~~by way of judicial teleconference via Zoom at the Court house, at~~ 330 University Avenue, Toronto, Ontario.

ON READING the ~~Receiver's Notice of Motion dated July 20, 2023, the First~~ Report, the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits"), and on hearing the submissions of counsel for the Receiver, no one else appearing although served as evidenced by the Affidavit of ~~[NAME]Lindsay Ferguson~~ sworn ~~[DATE]July 20, 2023, filed²;~~

~~1. THIS COURT ORDERS that the time for service, filing and confirmation of the Notice of Motion and the Motion Record be abridged so that this motion is properly returnable today and hereby dispensing with further service and confirmation hereof.~~

¹ If this relief is being sought, stakeholders should be specifically advised, and given ample notice. See also Note 4, below.

² This model order assumes that the time for service does not need to be abridged.

1. THIS COURT ORDERS that the activities of the Receiver, as set out in the First Report, are hereby approved and that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way the approval of the First Report.

2. THIS COURT ORDERS that the Professional Fees and the Fee Accrual—and disbursements of the Receiver and its counsel, as set out in the First Report and the Fee Affidavits, and payment thereof, be and are hereby approved.

3. THIS COURT ORDERS that the Statement of Receipts and Disbursements be and is hereby approved.

~~2-4.~~ THIS COURT ORDERS that the Confidential Appendices be and are sealed until the completion of the Asset Purchase Agreement, or until further Order of this Court.

5. THIS COURT ORDERS that, after payment of the Profession Fees and disbursements herein approved, and subject to the Fee Accrual, the Receiver be and is authorized and directed to make the Proposed Distribution, as detailed and described in the First Report, as follows: shall pay the monies remaining in its hands to [NAME OF PARTY]³.

(a) To Westmark Fashion Distribution Services Ltd. the amount of \$47,213.06; and,

~~3.~~ To Royal Bank of Canada (the “Bank”) the balance of all funds residing in the Receiver’s account less the Fee Accrual for the repayment of the Receiver’s Borrowing (as defined in the First Report).

~~4-6.~~ THIS COURT ORDERS that upon payment of the amounts set out in paragraph 3 and 6 hereof ~~[and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Report]~~, the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor, 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,

³ This model order assumes that the material filed supports a distribution to a specific secured creditor or other party.

protections and stays of proceedings in favour of [RECEIVER'S NAME]msi Spergel inc. in its capacity as Receiver.

5.7. ~~THIS COURT ORDERS AND DECLARES that [RECEIVER'S NAME]msi Spergel inc. is hereby released and discharged from any and all liability that [RECEIVER'S NAME]msi Spergel inc. now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of [RECEIVER'S NAME]msi Spergel inc., 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, [RECEIVER'S NAME]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, save and except for any gross negligence or wilful misconduct on the Receiver's part.~~⁴

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Justice, Ontario Superior Court of Justice (Commercial List)

⁴The model order subcommittee was divided as to whether a general release might be appropriate. On the one hand, the Receiver has presumably reported its activities to the Court, and presumably the reported activities have been approved in prior Orders. Moreover, the Order that appointed the Receiver likely has protections in favour of the Receiver. These factors tend to indicate that a general release of the Receiver is not necessary. On the other hand, the Receiver has acted only in a representative capacity, as the Court's officer, so the Court may find that it is appropriate to insulate the Receiver from all liability, by way of a general release. Some members of the subcommittee felt that, absent a general release, Receivers might hold back funds and/or wish to conduct a claims bar process, which would unnecessarily add time and cost to the receivership. The general release language has been added to this form of model order as an option only, to be considered by the presiding Judge in each specific case. See also Note 1, above.

ROYAL BANK OF CANADA

v.

VELLEND-TECH INC. *et al.*

Plaintiff

Defendants

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

ORDER

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Lawyers for the Receiver,
msi Spergel inc.

SCHEDULE B-2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) TUESDAY, THE 1ST
JUSTICE KIMMEL) DAY OF AUGUST, 2023

B E T W E E N:

ROYAL BANK OF CANADA

Plaintiff

- and -

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

ORDER

(DISTRIBUTION, DISCHARGE AND ANCILLARY)

THIS MOTION, made by msi Spergel inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Vellend-Tech Inc. (the "Debtor"), for an order:

1. That the time for service, filing and confirmation of the Notice of Moton and the Motion Record be abridged so that this motion is properly returnable today and hereby dispensing with further service and confirmation hereof;
2. Approving the activities of the Receiver as set out in the First Report of the Receiver dated July 20, 2023 (the "First Report") and that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way the approval of the First Report;

3. Approving the fees of the Receiver and its counsel (the “Professional Fees”) and the Fee Accrual, as defined and detailed in the First Report and payment thereof;
4. Approving the Receiver’s Statement of Receipts and Disbursements as defined and detailed in the First Report (the “Statement of Receipts and Disbursements”);
5. Approving the Proposed Distribution, as detailed and defined in the First Report;
6. Sealing the Confidential Appendices to the First Report (the “Confidential Appendices”) until the completion of the Asset Purchase Agreement (as defined in the First Report), or until further Order of this Court;
7. Discharging msi Spergel inc. as Receiver of the undertaking, property and assets of the Debtor on the filing of the Certificate of Completion, as provided for in the First Report; and
8. Releasing msi Spergel inc. from any and all liability, as set out in paragraph 8 of this Order,

was heard this day by way of judicial teleconference via Zoom at the Court house, 330 University Avenue, Toronto, Ontario.

ON READING the Receiver’s Notice of Motion dated July 20, 2023, the First Report, the affidavits of the Receiver and its counsel as to fees (the "Fee Affidavits"), and on hearing the submissions of counsel for the Receiver, no one else appearing although served as evidenced by the Affidavit of Lindsay Ferguson sworn July 20, 2023, filed;

1. THIS COURT ORDERS that the time for service, filing and confirmation of the Notice of Motion and the Motion Record be abridged so that this motion is properly returnable today and hereby dispensing with further service and confirmation hereof.
2. THIS COURT ORDERS that the activities of the Receiver, as set out in the First Report, are hereby approved and that only the Receiver, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way the approval of the First Report.
3. THIS COURT ORDERS that the Professional Fees and the Fee Accrual, as set out in the First Report and the Fee Affidavits, and payment thereof, be and are hereby approved.

4. THIS COURT ORDERS that the Statement of Receipts and Disbursements be and is hereby approved.

5. THIS COURT ORDERS that the Confidential Appendices be and are sealed until the completion of the Asset Purchase Agreement, or until further Order of this Court.

6. THIS COURT ORDERS that, after payment of the Profession Fees herein approved, and subject to the Fee Accrual, the Receiver be and is authorized and directed to make the Proposed Distribution, as detailed and described in the First Report, as follows:

(a) To Westmark Fashion Distribution Services Ltd. the amount of \$47,213.06; and,

(b) To Royal Bank of Canada (the "Bank") the balance of all funds residing in the Receiver's account less the Fee Accrual for the repayment of the Receiver's Borrowing (as defined in the First Report).

7. THIS COURT ORDERS that upon payment of the amounts set out in paragraph 3 and 6 hereof and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Report, the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor, 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.

8. THIS COURT ORDERS AND DECLARES that msi Spergel inc. is hereby 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. 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, save and except for any gross negligence or wilful misconduct on the Receiver's part.

Justice, Ontario Superior Court of Justice (Commercial List)

ROYAL BANK OF CANADA

v.

VELLEND-TECH INC. *et al.*

Plaintiff

Defendants

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

ORDER

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ROYAL BANK OF CANADA

v.

VELLEND-TECH INC. *et al.*

Plaintiff

Defendants

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

NOTICE OF MOTION

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Lawyers for the Receiver,
msi Spergel inc.

Tab 2

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ROYAL BANK OF CANADA

Plaintiff

and

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

**FIRST REPORT OF MSI SPERGEL INC.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER OF
VELLEND-TECH INC.**

JULY 20, 2023

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APPENDICES

1. Receivership Order dated May 16, 2023
2. Redacted Purchase Agreement
3. Affidavit of Gillian Goldblatt sworn July 20, 2023
4. Affidavit of Jason DiFruscia sworn July 20, 2023
5. Interim Statement of Receipts and Disbursements to July 19, 2020

CONFIDENTIAL APPENDICES

1. The Platinum Appraisal
2. The Maxx Offer
3. Bid Summary
4. Unredacted Purchase Agreement

I. APPOINTMENT AND BACKGROUND

1. This report (this “**First Report**”) is filed by msi Spergel inc. (“**Spergel**”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”) of Vellend-Tech Inc. (“**Vellend**” or the “**Company**”).
2. Vellend is a Canadian owned, private corporation incorporated pursuant to the laws of the Province of Ontario. The Company was in the business of supplying bicycles and bicycle parts and accessories to the Canadian Independent Bicycle Retailer. The Company operated from a leased premises located at 433 Horner Avenue, Unit 1, Toronto, Ontario (the “**Leased Premises**”). The Company also had an arrangement with Westmark Fashion Distribution Services Ltd. located at 70 Bethridge Road, Toronto, Ontario (“**Westmark**” or the “**Third-Party Warehouse**”) for storing the excess inventory.
3. Spergel was appointed as the Receiver of all the assets, undertakings and properties of the Company (collectively, the “**Property**”) by Order of the Honourable Madam Justice Steele of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made May 16, 2023 (the “**Receivership Order**”). The Receivership Order was made upon the application of the Company’s general secured creditor, Royal Bank of Canada (“**RBC**” or the “**Bank**”). Attached as **Appendix “1”** to this First Report is a copy of the Receivership Order.
4. The Receiver retained Harrison Pensa LLP (the “**Receiver’s Counsel**”) as its independent legal counsel.

II. PURPOSE OF THIS FIRST REPORT AND DISCLAIMER

5. The purpose of this First Report is to advise the Court as to the steps taken by the Receiver to date in these proceedings and to seek Orders from the Court, including
 - a) approving this First Report and the actions and activities of the Receiver described herein;
 - b) approving a transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale dated July 20, 2023 (the “**Purchase Agreement**”) entered into between Auctionmaxx Inc., as buyer (the “**Purchaser**”) and the Receiver, as seller, whereby the Purchaser will acquire the Company’s right, title and interest in and to the Purchased Assets (as defined in the Purchase Agreement);
 - c) vesting in the Purchaser the Company’s right, title and interest in and to the Purchase Assets free and clear of all liens, charges and security interests and other encumbrances;
 - d) sealing the Confidential Appendices (as defined herein) to this First Report pending the closing of the Transaction or further Order of the Court;
 - e) approving the fees and disbursements of the Receiver and the Receiver’s Counsel for the period to and including July 19, 2023;
 - f) approving the Fee Accrual (as defined herein);

- g) approving the interim statement of receipts and disbursements as at July 19, 2023;
- h) authorizing the Receiver to make the distributions proposed in this First Report; and
- i) effective upon the filing of a certificate by the Receiver certifying that all outstanding matters to be attended to in connection with the receivership of Vellend have been completed to the satisfaction of the Receiver, discharging Spergel as the Receiver and granting certain ancillary relief in relation thereto.

Disclaimer

- 6. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this First Report for any other purpose than intended.
- 7. In preparing this First Report, the Receiver has relied upon certain information found on site and/or provided to it by the management of the Company including, without limitation, past financial performance, and other financial information. The Receiver has not performed an audit or verification of such information for accuracy, completeness or compliance with Accounting Standards for Private Enterprises or International Financial Reporting Standards. Accordingly, the Receiver expresses no opinion or other forms of assurance with respect to such information. Future oriented financial information relied upon in this First Report is

based on assumptions regarding future events, actual results achieved may vary from this information and these variations may be material.

8. All references to dollars in this First Report are in Canadian currency unless otherwise noted.

III. RECEIVER'S ACTIVITIES

9. A copy of the Receivership Order was provided to the Company and the Company's counsel by the Receiver and the Receiver's Counsel. In addition, the Receiver prepared its statutory Notice and Statement of the Receiver in accordance with subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") and mailed same to all creditors known to the Receiver.
10. Immediately on or after the issuance of the Receivership, the Receiver directly or through the Receiver's Counsel attended to the following:
 - a) secured possession of the Leased Premises;
 - b) arranged for insurance on the Leased Premises and other assets;
 - c) took steps to realize on accounts receivable obtained from the Leased Premises;
 - d) communicated with the landlord of the Leased Premises and the Third-Party Warehouse;
 - e) arranged for regular site (at least three (3) times per week) inspections by a property manager engaged by the Receiver; and

- f) obtained an inventory and appraisal of the assets located at the Leased Premises and the Third-Party Warehouse.

IV. TRANSACTION

- 11. Pursuant to the terms of the Receivership Order, the Receiver was empowered and authorized to, among other things, market any or all of the Company's assets, including advertising and soliciting offers in respect of the assets and negotiating such terms and conditions of sale as the Receiver, in its discretion, deemed appropriate.
- 12. On July 5, 2023, following a review of the financial information and operations of the Company, the Receiver sent email invitation to various auctioneers for expressions of interest in the assets of the Company. In addition, the Receiver placed an ad in the Insolvency Insider and on its website regarding same. The Receiver determined that selling the assets of the Company through an auction process was the most cost effective and efficient method of dealing with the assets, as there was no interest in the Company as a going concern, and attempting to sell each asset individually would have likely resulted in higher realization costs and lower recovery. The Receiver required all interested parties to sign confidentiality agreements prior to disclosing the asset listing for the auction. Twenty-one (21) interested parties signed the confidentiality agreement and obtained the information related to the assets. The Receiver received four (4) written offers for the assets.

13. The Receiver sought and obtained an appraisal for the assets of the Company. The appraisal was conducted by Platinum Asset Services (the “**Platinum Appraisal**”). The Platinum Appraisal is attached to this First Report as **Confidential Appendix “1”**.
14. After reviewing the offers, the Receiver determined that the outright purchase offer (the “**Maxx Offer**”) from Auctionmaxx Inc. would net the highest realization and be the most appropriate transaction for the benefit of the stakeholders, as the Receiver would not be required to expend resources managing an auction process, and further be assured of the purchase price, rather than having to rely on a percentage of the auction sales to determine its recovery. The Maxx Offer is attached to this First Report as **Confidential Appendix “2”**.
15. As part of the Transaction, if approved by the Court, the Purchaser will conduct an auction at the Leased Premises. The Purchaser will remove any unsold assets following the auction, such that all assets contemplated in the Purchase Agreement will be removed from the Leased Premises and the Third-Party Warehouse in a timely manner and the Leased Premises will be left in a clean condition.
16. A copy of the Receiver’s bid summary is attached as **Confidential Appendix “3”** to this First Report (the “**Bid Summary**”). The Bank has indicated to the Receiver that it is in support of the acceptance of the Maxx Offer.
17. The Receiver has entered into the Purchase Agreement with the Purchaser. A redacted copy of the Purchase Agreement, excluding the financial terms, is

attached as **Appendix “2”** to this First Report. A fully executed, unredacted, copy of the Purchase Agreement is attached as **Confidential Appendix “4”** to this First Report (collectively with Confidential Appendices 1, 2 and 3, the “**Confidential Appendices**”).

18. The Receiver is seeking a sealing order in respect of the Confidential Appendices as they each contain commercially sensitive information, the release of which prior to the completion of the Transaction would be prejudicial to the stakeholders of the Company.

V. FEES AND DISBURSEMENTS OF THE RECEIVER

19. Attached hereto as **Appendix “3”** is the Affidavit of Gillian Goldblatt, sworn July 20, 2023, which incorporates by reference a copy of the Receiver’s time dockets pertaining to the receivership of the Company for the period to and including July 19, 2023 in the amount of \$41,265.34 inclusive of disbursements and HST. This represents a total of 135.30 hours at an average rate of \$269.90 per hour.

VI. FEES AND DISBURSEMENTS OF THE RECEIVER’S COUNSEL

20. Attached hereto as **Appendix “4”** is the Affidavit of Jason DiFruscia, sworn July 20, 2023, which incorporates by reference a copy of the accounts rendered by the Receiver’s Counsel in relation to the receivership of the Company for the period to and including July 19, 2023 in the amount of \$6,180.15 inclusive of disbursements and HST.

21. The Receiver has reviewed the accounts of the Receiver's Counsel and, given the Receiver's involvement in this matter, the Receiver is of the view that all the work set out in the accounts of the Receiver's Counsel was carried out and was necessary. The hourly rates of the lawyers who worked on this matter were reasonable in light of the services required, and the services were carried out by lawyers with the appropriate level of experience.

VII. ESTIMATED FEES AND DISBURSEMENTS TO COMPLETE

22. Provided that there is no opposition to the relief sought in this First Report, the Receiver estimates that the additional fees and disbursements for itself and Receiver's Counsel necessary to complete these proceedings will be \$15,000, excluding disbursements and HST (collectively, the "**Fee Accrual**").

VIII. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

23. Attached hereto as **Appendix "5"** is a copy of the Receiver's Interim Receipts and Disbursements for Vellend.

IX. PROPOSED DISTRIBUTION

Westmark

24. As indicated in the report, the Company utilized storage space from Westmark to store a significant portion of its inventory. After its appointment, the Receiver discovered that Westmark was owed \$47,213.06. Westmark has provided copies of invoices with respect to the outstanding amounts (the "**Westmark Invoices**").

Westmark advised that it was relying on the *Repair Storage Lien Act* (the “**RSLA**”) and asserted that it has a possessory lien over the inventory stored at Westmark. Based on the Westmark Invoices it appears that \$47,213.06 outstanding is in respect of storage fees.

25. Given the RSLA requirement that storage liens apply in respect of an agreed upon amount, or, if no amount has been agreed upon, the fair value of the storage, and given that Westmark has provided evidence of an agreed upon storage amount, the Receiver believes that Westmark shall be paid the outstanding amount.

Receiver’s Certificate

26. Pursuant to paragraph 21 of the Receivership Order, the Receiver borrowed monies from RBC in the principal amount of \$40,000 (the “**Borrowings**”) to fund its activities in these proceedings.
27. Pursuant to paragraphs 21 and 23 of the Receivership Order, the issuance of the Receiver’s Certificate has the effect of creating a charge on the Property, by way of a fixed and specific charge (the “**Receiver’s Borrowings Charge**”) as security for the repayment of the monies borrowed, together with interest and charges thereon, in priority to all statutory interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person (as defined in the Receivership Order), but subordinate to the Receiver’s Charge, and the charges set out in subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

RBC

28. RBC holds certain security over the Company, including a general security agreement dated June 7, 2005 (collectively, “**RBC’s Security**”).
29. The Receiver’s Counsel has reviewed RBC’s Security, and, subject to the usual assumptions and qualifications of an opinion of such nature, has opined that RBC’s Security is validly perfected and enforceable in accordance with its terms.
30. RBC has provided details of the amounts due by the Company to RBC, including legal expenses billed to April 22, 2023, which together total \$1,351,231.82 (plus further amounts for the continued accrual of interest and recovery expenses).
31. Accordingly, the Receiver is proposing to make a distribution (after payment of the fees and disbursements of the Receiver and the Receiver’s Counsel, including the holdback of the Fee Accrual, outlined in this First Report) as follows:
 - a) To Westmark in the amount of \$47,213.06 with respect to outstanding storage charges; and,
 - b) To RBC for Repayment of the Receiver’s Borrowing Charge the balance of all funds residing in the Receiver’s account less the Fee Accrual in accordance with the Receiver’s Certificate. It is anticipated that there will not be sufficient funds to repay the Receiver’s Borrowing Charge in full, and accordingly there will be no funds available for distribution for any other stakeholders.

X. DISCHARGE OF THE RECEIVER

32. Subsequent to the date of this First Report, and prior to the Receiver's discharge, the Receiver proposes to attend to the following:

- a) closing of the Transaction;
- b) the payment of distributions as identified above;
- c) other residual and/pr administrative matters in connection with Spergel's appointment as Receiver; and
- d) filing of the final Receiver's certificate of discharge.

XI. RECOMMENDATIONS

33. The Receiver respectfully requests that this Honourable Court grant the relief sought in this First Report.

All of which is respectfully submitted.

Dated at Toronto, this 20th, day of July 2023

msi Spergel inc.,
solely in its capacity as Court-appointed
Receiver of Vellend-Tech Inc. and not in
any corporate or personal capacities

Per:



Mukul Manchanda, CPA, CIRP, LIT

APPENDIX 1



Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MADAM

)

TUESDAY, THE 16TH

JUSTICE STEELE

)

DAY OF MAY, 2023

)

B E T W E E N :

ROYAL BANK OF CANADA

Plaintiff

- and -

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

**ORDER
(appointing Receiver)**

THIS MOTION made by the Plaintiff for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing msi Spergel inc. as receiver (in such capacities, the "**Receiver**") without security, of all of the assets, undertakings and properties of Vellend-Tech Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Michael Foster sworn April 24, 2023 and the Exhibits thereto and on hearing the submissions of counsel for the Plaintiff, no one appearing for the Debtor although duly served as appears from the affidavit of service of Christine Cavarzan sworn April 24, 2023 and the affidavit of service of Grace Folino sworn April 25, 2023, and on reading the consent of msi Spergel inc. to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, msi Spergel inc. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$10,000.00, provided that the aggregate consideration for all such transactions does not exceed \$50,000.00; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required.
- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;

- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the

granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor is hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may

terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*,

the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, including, but not limited to, any illness or bodily harm resulting from a party or parties contracting COVID-19, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <https://www.spergelcorporate.ca/engagements>.

26. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day

following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

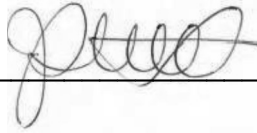
28. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. **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.

30. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

31. **THIS COURT ORDERS** that the Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

32. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties Vellend-Tech Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the _____ day of _____, 20__.

msi Spergel inc., solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____

Name:

Title:

ROYAL BANK OF CANADA
Plaintiff

-and-

VELLEND-TECH INC., et al.

Defendants

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

MINDEN GROSS LLP

Barristers and Solicitors
2200 - 145 King Street West
Toronto, ON M5H 4G2

Rachel Moses (LSO# 42081V)

rmoses@mindengross.com
Tel: 416-369-4115

Lawyers for the Plaintiff, Royal Bank of Canada

(File No. 4128221)

APPENDIX 2

ASSET PURCHASE AGREEMENT

THIS AGREEMENT made this 20th day of July, 2023.

B E T W E E N :

msi Spergel Inc.,
solely in its capacity as Court
Appointed Receiver, without security,
of all the property of VELLEND-TECH
INC., and not in its personal capacity
and without any personal or corporate
liability.

(hereinafter called the “**Vendor**” or “**Receiver**”)

OF THE FIRST PART

- and –

AUCTIONMAXX INC. a corporation
incorporated under the laws of the
Ontario.

(hereinafter called the “**Purchaser**”)

OF THE SECOND PART

RECITALS:

- A. WHEREAS** pursuant to the Appointment Order (as hereinafter defined), the Vendor was appointed as receiver of the assets, undertakings and properties of Vellend-Tech Inc. (the “**Company**”);
- B. AND WHEREAS** the Appointment Order, among other things, authorizes the Vendor to market and sell all or any part of the assets, undertakings and properties of the Company;
- C. AND WHEREAS** the Purchaser has agreed to purchase from the Vendor, and the Vendor has agreed to sell to the Purchaser, all of the Company’s right, title and interest, if any, in and to the Purchased Assets (as is hereinafter defined).

NOW THEREFORE in consideration of the Promises and mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto agree with each other as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

- (1) “**Agreement**” means this Agreement, including any Schedule to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.
- (2) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.
- (3) “**Appointment Order**” means the Order made by the Honourable Justice Steel on May 16, 2023, appointing the Vendor as receiver of all of the assets, undertakings and properties of the Company.
- (4) “**Approval and Vesting Order**” means an order made by the Court substantially in the form attached hereto as Schedule 1.1(4).
- (5) “**Books and Records**” means all books., records, files and papers, including computer programs (including source and object code), software programs, manuals and data, sales and advertising materials, lists of present and former customers and suppliers, personnel, and all copies and recordings of the foregoing.
- (6) “**Business Day**” means any day except Saturday, Sunday or any day on which banks are generally not open for business in the City of Toronto.
- (7) “**Business Premises**” means 433 Horner Avenue, Etobicoke, ON M8W 4W3.
- (8) “**Canadian Dollars**” means the lawful currency of Canada.
- (9) “**Closing**” means the completion of the purchase and sale of the Purchased Assets in accordance with the provisions of this Agreement.
- (10) “**Closing Date**” means August 1, 2023 or such other date as may be agreed by the Purchaser and the Vendor.

- (11) “**Closing Time**” means the time of closing on the Closing Date provided for in Section 3.1.
- (12) “**Company**” means Vellend-Tech Inc.
- (13) “**Contracts**” means all rights and interests of the Company to and in all executory contracts, agreements and arrangements whether or not signed to which either of them is a party and/or by which any of the Purchased Assets is bound.
- (14) “**Court**” means the Ontario Superior Court of Justice, Commercial List.
- (15) “**Deposit**” has the meaning given in Section 2.3.
- (16) “**Excluded Assets**” means only the following assets, undertakings or properties of the Company:
- Photocopy Machine (leased)
 - Watercooler (leased)
 - Postage Machine (leased)
 - Stationary Exercise Bicycle(s)/Carrier(s)
 - Car Tires
 - Bicycles and bike frame hanging from ceiling
 - Boxed personal items on upper racking/Beekeeping items
- (17) “**Governmental Entity**” means any federal, provincial, or municipal court, board, tribunal, arbitrator or arbitral panel, administrative agency or commission or other governmental or regulatory agency, ministry, department or authority.
- (18) “**HST**” means the harmonized sales tax imposed under the *Excise Tax Act (Canada)*.
- (19) “**Law**” means common law, order, judgment, decree, law, statute, ordinance, instrument, code, constitution, treaty, rule, regulation or other requirement of any Governmental Entity.
- (20) “**Liabilities**” means all costs, expenses, charges, debts, liabilities, claims, demands and obligations, whether primary or secondary, direct or indirect, fixed, contingent, absolute or otherwise, under or in respect of any contract, agreement, arrangement, lease, commitment or undertaking, Applicable Law and Taxes.

- (21) **“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; "Parties" means every Party.
- (22) **“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.
- (23) **“Purchased Assets”** means all of the Vendor’s and Company’s right, title and interest in, to and under or relating to the following assets, but excluding the Excluded Assets:
- a. All Company Assets.
- (24) **“Purchase Price”** has the meaning given in Section 2.2.
- (25) **“Purchaser”** has the meaning given in the recitals above.
- (26) **“Removal Time”** means 3:00 p.m. (EST) on August 31, 2023.
- (27) **“Rights”** has the meaning given in Section 3.4.
- (28) **“Taxes”** means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental authority (including federal, state, provincial, municipal and foreign governmental authorities), and Whether disputed or not.
- (29) **“Company Assets”** means the personal property assets of the Company as described and listed in Schedule 1.1 (32).
- (30) **“Transaction”** means the transaction of purchase and sale contemplated by this Agreement.
- (31) **“Vendor”** has the meaning given in the recitals above.
- (32) **“Vendor’s Solicitors”** means Harrison Pensa LLP.

1.2 Headings and Table of Contents

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 No Strict Construction

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 Number and Gender

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

1.5 Business Days

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day.

1.6 Currency and Payment Obligations

Except as otherwise expressly provided in this Agreement:

- (a) All dollar amounts referred to in this Agreement are stated in Canadian Dollars; and,
- (b) Any payment contemplated by this Agreement shall be made by wire transfer to the offices of the Vendor's solicitors, or as the Vendor may direct in writing.

1.7 Statute References

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.8 Section and Schedule References

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement. The Schedules to this Agreement, listed as follows, are an integral part of this Agreement:

- Schedule 1.1(6) Approval and Vesting Order
- Schedule 1.1(32) Company Assets

ARTICLE 2
PURCHASE OF ASSETS

2.1 Agreement to Purchase and Sell

Subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Purchased Assets.

2.2 Amount of Purchase Price

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets (the “Purchase Price”) shall be [REDACTED], exclusive of any applicable Taxes.

2.3 Deposit

The Vendor is holding a deposit provided by the Purchaser (the “Deposit”) in the amount of [REDACTED]. The Purchaser authorizes the Vendor to disburse the Deposit in accordance with the following provisions:

- (1) if the purchase and sale of the Purchased Assets is completed in accordance with the terms of this Agreement, then the Deposit shall be released front trust and applied towards payment of the Purchase Price;
- (2) if the purchase and sale of the Purchased Assets is not completed due solely to a default by the Purchaser, then the Deposit shall be forfeited by the Purchaser as liquidated damages (and not as a penalty) without prejudice to any other rights and remedies of the Vendor arising from the Purchaser's default; and,
- (3) if the purchase and sale of the Purchased Assets is not completed for any other reason, then the Deposit shall be returned to the Purchaser and the Vendor shall be released from all obligations under this Agreement.

2.4 Payment of Purchase Price

The Purchase Price shall be paid and satisfied by the Purchaser at the Closing as follows:

- (1) the Deposit shall be paid to the Vendor and credited against the Purchase Price in accordance with subsection 2.3(1); and,
- (2) the balance shall be paid to the Vendor by way of wire transfer to the offices of Vendor’s Solicitors, or as the Vendor may direct in writing.

2.5 Allocation of Purchase Price

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and Vendor prior to Closing (acting reasonably) and the Parties shall file their respective income tax returns prepared in accordance with such allocations.

2.6 Payment of Taxes and Indemnity

The Purchaser shall pay all Taxes resulting from the Transaction (other than Taxes payable under applicable legislation by the Vendor). The Purchaser hereby indemnifies and saves the Vendor harmless from and against all claims and demands for the payment of Taxes exigible in connection with the Transaction, including penalties and interest thereon and any liabilities or costs incurred as a result of any failure to pay such Taxes when due.

2.7 HST Election

At the Closing, and if available at law, the Vendor and the Purchaser shall execute jointly an election under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place.

2.8 Excluded Liabilities

The Purchaser shall not assume and shall not be liable for any debts, liabilities or other obligations of any Company.

2.9 Excluded Assets

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Purchased Assets from the Transaction prior to the Time of Closing, whereupon such Purchased Assets shall be Excluded Assets, provided, however, that there shall be no adjustment in the Purchase Price and the Purchaser shall remove the Excluded Assets from the Business Premises in accordance with the provisions of Article 7 hereof.

2.10 No Purchase Price Adjustments

The Purchaser acknowledges, confirms and agrees that there shall be no adjustment of any kind to the Purchase Price for any reason.

2.11 Marketing

From and after execution of this Agreement up until the Removal Time, the Purchaser shall be entitled to the use of all intellectual property of the Companies including but not limited to copyrights, trade names, brand names, corporate names or any other type of intellectual property reasonably required by the Purchaser in order to advertise, auction and/or solicit proposals for third party sales of the Purchased Assets.

ARTICLE 3
CLOSING ARRANGEMENTS

3.1 Closing

The Closing shall take place at 12:00 p.m. on the Closing Date at the offices of the Vendor's Solicitors, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser. All of the Purchased Assets are to be located on the Business Premises on Closing.

3.2 Vendor's Closing Deliveries

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (1) Bill of Sale, in a form agreed to by the Vendor and the Purchaser prior to Closing (acting reasonably) executed by the Vendor;
- (2) The election referred to in section 2.7 executed by the Vendor, if applicable;
- (3) A Purchase Price allocation agreement referred to in Section 2.5;
- (4) A certificate of an officer of the Vendor, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.3 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (5) The Approval and Vesting Order and the vesting certificate relating thereto;
- (6) All deeds of conveyance, bills of sale, assurances, transfers, assignments, consents, and such other agreements, documents and instruments as may be reasonably requested by the Purchaser to complete the Transaction; and,
- (7) All such other agreements, documents and instruments as may be reasonably requested by the Purchaser to complete the Transaction.

3.3 Purchaser's Closing Deliveries

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following documents and payments:

- (1) Bill of Sale, in a form agreed to by the Vendor and the Purchaser prior to Closing (acting reasonably) executed by the Purchaser;
- (2) The payments referred to in subsections 2.4(1) and 2.4(2);

- (3) The election referred to in subsection 2.7 executed by the Purchaser, if applicable;
- (4) A Purchase Price allocation agreement referred to in Section 2.5;
- (5) A certificate of an officer of the Purchaser, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (6) An indemnity agreement re: Taxes, in a form agreed to by the Vendor and the Purchaser prior to Closing (acting reasonably) duly executed by the Purchaser; and,
- (7) All such other agreements, documents and instruments as may be reasonably requested by the Vendor or the Vendor's Solicitors to complete the Transaction.

3.4 Non-Transferable and Non-Assignable Purchased Assets

To the extent that any of the Purchased Assets to be transferred to the Purchaser on the Closing, or any claim, right or benefit arising under or resulting from such Purchased Assets (collectively, the "**Rights**"), is not capable of being transferred without the approval, consent or waiver of any third Person, or if the transfer of a Right would constitute a breach of any obligation under, or a violation of, any Applicable Law unless the approval, consent or waiver of such third Person is obtained, then, except as expressly otherwise provided in this Agreement and without limiting the rights and remedies of the Purchaser contained elsewhere in this Agreement, this Agreement shall not constitute an agreement to transfer such Rights unless and until such approval, consent or waiver has been Obtained, After the Closing and for a period of 10 days following the Closing, or such later date as the Parties may agree, the Vendor shall:

- (a) comply with the terms and provisions of the Rights as agent for the Purchaser at the Purchaser's cost and for the Purchaser's benefit;
- (b) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Rights to the Purchaser; and,
- (c) enforce, at the reasonable request of the Purchaser and at the expense and for the account of the Purchaser, any rights of the Vendor or the Company arising from such Rights against any third Person, including the fight to elect to terminate any such rights in accordance with the terms of such rights upon the written direction of the Purchaser.

In order that the full value of the Rights may be realized for the benefit of the Purchaser, the Vendor shall, at the request and expense and under the direction of the Purchaser, in the name of the Vendor or otherwise as the Purchaser may specify, take all such action and do or cause to be done all such things as are, in the reasonable opinion of the Purchaser, necessary or proper in order that the obligations of any Company under such Rights may be performed in such manner that the value of such Rights is preserved and enures to the benefit of the Purchaser, and that any moneys due and payable and to become due and payable to the Purchaser in and under the Rights are received by the Purchaser. The Vendor shall promptly pay to the Purchaser all moneys collected by or paid to the Vendor in respect of every such Right. To the extent that such approval, consent or waiver has not been obtained by the 10th day following the Closing, or such later date as the Parties may agree, such Right shall be deemed to be an Excluded. Asset and the Vendor may terminate any agreement pertaining to such Right. The Purchaser shall indemnify and hold the Vendor harmless from and against any claim or liability under or in respect of such Rights arising because of any action of the Vendor taken in accordance with this Section.

ARTICLE 4

CONDITIONS OF CLOSING

4.1 Purchaser's Conditions

The Purchaser shall not be obliged to complete the Transaction unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Representations and Warranties*: The representations and warranties of the Vendor in Section 5.2 shall be true and correct at the Closing.
- (2) *Vendor's Compliance*: The Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 3.2 or elsewhere in this Agreement;
- (3) *No Litigation*: There shall be no litigation or proceedings pending against any of the Parties hereto, or involving the Companies' business or any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper;

- (4) *Approval and Vesting Order*: The Approval and Vesting Order shall have been obtained and shall not have been appealed, stayed, varied or set aside.

4.2 Condition Not Fulfilled

If any condition in Section 4.1 has not been fulfilled at or before the Closing Time, then the Purchaser in its sole discretion may, without limiting any rights or remedies available to the Purchaser at law or in equity, either:

- (1) terminate this Agreement by notice to the Vendor, in which event the Purchaser shall be released from its obligations under this Agreement and the Deposit shall be promptly returned to the Purchaser; or,
- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non fulfillment of any other condition.

4.3 Vendor's Conditions

The Vendor shall not be obliged to complete the Transaction unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Vendor, and may be waived, in whole or in part, in writing by the Vendor. t any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Representations and Warranties*: The representations and warranties of the Purchaser in Section. 5.1 shall be true and correct at the Closing;
- (2) *Purchaser's Compliance*: The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Time all the documents contemplated in Section 3.3 or elsewhere in this Agreement;
- (3) *Approval and Vesting Order*: The Approval and Vesting Order shall have been obtained and shall not have been appealed, stayed, varied or set aside;
- (4) *No Litigation*: There shall be no litigation or proceedings pending against any of the Parties hereto, or involving the Companies' business or any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.

4.4 Condition Not Fulfilled

If any condition in Section 4.3 shall not have been fulfilled at or before the Closing Time, then the Vendor in its sole discretion may, without limiting any rights or remedies available to the Vendor at law or in equity, either:

- (1) terminate this Agreement by notice to the Purchaser in which event the Vendor shall be released from all obligations under this Agreement and, unless the condition that was not fulfilled was contained in subsection 4.3(1) and (2), the Deposit thereon shall be promptly returned to the Purchaser and the Purchaser shall be released from all obligations under this Agreement; or,
- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfillment of any other condition.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Purchaser

As a material inducement to the Vendor's entering into this Agreement and completing the Transaction and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.1, the Purchaser represents and warrants to the Vendor as follows:

- (1) *Incorporation and Power*: The Purchaser is, or will be at the Closing Time, a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws;
- (2) *Due Authorization*: The Purchaser has, or will have at the Closing Time, all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the Transaction and such other agreements and instruments have been, or will have been at the Closing Time, duly authorized by all necessary corporate action on the part of the Purchaser;
- (3) *Enforceability of Obligations*: This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such

as specific performance and injunctions are only available in the discretion of the court from which they are sought;

- (4) *HST/GST*: The Purchaser is a "registrant" under Part ix of the *Excise Tax Act* (Canada) and its registration number is 810911909 or the Purchaser will be such a "registrant" at the Closing Time and will notify the Vendor of its registration number prior to such time.

5.2 Representations and Warranties of the Vendor

As a material inducement to the Purchaser's entering into this Agreement and completing the Transaction and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 5.2, the Vendor represents and warrants to the Purchaser as follows:

- (1) *Non-Residency*: The Vendor is not now and does not intend to become, prior to Closing, a nonresident of Canada. within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada);
- (2) *Authority to Sell*: Subject to obtaining the Approval and Vesting Order prior to Closing, on Closing the Vendor shall have the right, power and authority to sell the Purchased Assets and to perform all other obligations contemplated in this Agreement, in accordance with the terms and conditions of this Agreement and the Approval and Vesting Order
- (3) *HST/GST*: The Vendor is a "registrant" under Part LX of the *Excise Tax Act* (Canada) and its registration number is R. or the Vendor will be such a "registrant" at the Closing Time and will notify the Purchaser of its registration number prior to such time;
- (4) *Control of Business Premises*: The Vendor has all necessary right, title and interest in the Business Premises so as to permit the Purchaser access as permitted under this Agreement.

5.3 Survival of Representations and Warranties

The representations and warranties of the Purchaser and Vendor contained in Sections 5.1 and 5.2, respectively, or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing until the earlier of three (3) months thereafter and the date on which the Receiver is discharged by the Court.

5.4 "As is, Where is"

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an "as is, where is", no recourse basis as they shall exist on the Closing Date subject to the Vendor's covenant that the Purchased Assets shall all be located at the

Business Premises. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, existence, fitness for any particular purpose, or at all, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sole of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in this Agreement is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Vendor shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser's responsibility to take possession of the Purchased Assets.

ARTICLE 6 **RISK OF LOSS**

6.1 Risk of Loss

Until the Closing, the Purchased Assets shall remain at the risk of the Vendor. In the event that the Purchased Assets, or any part thereof, are materially damaged by fire or other hazard from the date of this Agreement until the Closing Time, provided that the Vendor shall give written notice to the Purchaser of such material damage, and the Purchaser may elect in writing to the Vendor that it will either:

- (a) accept the proceeds of any insurance available or actually paid to the Vendor and apply same in respect of the Purchase Price and otherwise complete the Transaction in accordance with the terms set out in this Agreement; or,
- (b) terminate this Agreement.

The Purchaser shall have five (5) Business Days after receiving notice from the Vendor of material damage to make its election in accordance with subsection 6.1(a) and 6.1(b) above. For the purposes of this section 6.1, damage to the Purchased Assets shall be considered material if the amount of such damage is equal to or greater than \$100,000.

In the event that this Agreement is terminated in accordance with the subsection 6.1(b) above, the Deposit shall forthwith be returned to the Purchaser, without deduction.

In the event that the damage to the Purchased Assets is less than \$100,000, the Transaction shall be completed in accordance with the terms of this Agreement and without any reduction in, or adjustment to, the Purchase Price or any other change in the terms of this Agreement, provided however, the Purchaser shall receive any insurance proceeds payable in connection with said damage as and when they become available.

From and after Closing, the Purchased Assets shall be at the risk of the Purchaser.

ARTICLE 7

POST-CLOSING ARRANGEMENTS

7.1 Removal of Purchased Assets

The Purchaser shall be responsible, at its cost and expense, for removing the Purchased Assets from the Business Premises by the Removal Time. The Vendor shall have no duty or responsibility for removal or delivery of the Purchased Assets to the Purchaser. From Closing to the Removal Time, the Purchaser shall have unrestricted access to the Business Premises for the purposes of conducting an online auction, and removing all of the Purchased Assets from the Business Premises. The Purchaser shall not be responsible for any occupancy costs and the Vendor shall ensure adequate heat, hydro, water and all other necessary utilities required for the orderly removal and/or sale of the Purchase Assets. The Purchaser will provide to the Vendor a certificate of insurance satisfactory to the Vendor evidencing sufficient coverage while accessing the Business Premises.

7.2 The Purchaser shall leave the Business Premises in broom swept condition following removal of the Purchased Assets, including removal of any and all debris arising from or caused by removal of the Purchased Assets. The Purchaser shall be responsible to ensure that the removal of the Purchased Assets shall be done in a workmanlike manner. Prior to the Removal Time, the Purchaser will remove all of the Purchased Assets, including but not limited to the trailer and its contents parked in the overhead door on Horner Avenue at the Business Premises.

7.3 The Vendor, or its authorized representative, shall be entitled to be present during the removal of the Purchased Assets from the Business Premises.

7.4 Any disassembling and moving of the Purchased Assets will be done at the expense of the Purchaser. Should the Purchaser abandon, fail to remove or fail to cause the Purchased Assets to be removed, the Purchaser shall reimburse the Vendor

for all costs incurred by the Vendor in connection with the removal and/or disposal of such Purchased Assets.

7.5 The Purchaser shall have no obligation to clean any spills of oil, lubricants, grease or any other liquid remaining after removal of any of the Purchased Assets, including any toxic or hazardous waste, or environmental pollutants, including paints, solvents and other chemicals found at the Business Premises save and except to the extent that the Purchaser or its agents, employees, invitees or guests have caused such adverse or other environmental condition at, under or near the Business Premises.

7.6 The Purchaser shall remedy or repair any conditions resulting from the removal of the Purchased Assets, including, without limitation, removing or capping all electrical wires and air/water/other lines to the buss bar/nearest wall and all bolts "blown off". The Purchaser shall place safety barriers around any pits and holes in a flooring surface; provided that the Purchaser shall have no responsibility to remedy any damages or conditions to or remedy any existing environmental, fire or life safety condition of the Business Premises existing as of the Closing Date or following removal of the Purchased Assets save as is expressly provided for herein.

7.7 In the event that the Purchaser is desirous of re-selling any of the Purchased Assets from the Business Premises to a third party purchaser or purchasers in the period between the Closing Time and the Removal Time, the Purchaser shall:

- (a) execute any waiver documentation reasonably required by the Vendor to permit third parties to obtain access to the Business Premises;
- (b) indemnify and hold harmless the Vendor and the Company, as may be applicable, for any damage, harm or other loss occasioned by the preparation and removal of the Purchased Assets from the Business Premises by the Purchaser or a third party; and,
- (c) provide evidence satisfactory to the Vendor of personal liability and property damage insurance in an amount of no less than \$5,000,000.

7.8 In the event that the Purchaser fails to (i) remove, or cause to have removed, the Purchased Assets by the Removal Time, (ii) leave the Business Premises in the condition required under this Article 7, or should the Vendor determine, acting reasonably, that the Purchaser will be unable to remove the Purchased Assets and satisfy its other obligations under the Agreement before the Removal Time, the Vendor shall be entitled to make such arrangements with third party removers and cleaners as are necessary to ensure that the Purchased Assets are removed and the Business Premises left in the condition required under this Article 7 by the Removal Time, and all such costs (including the professional fees and disbursements incurred by the Vendor) shall be the sole responsibility of the Purchaser.

ARTICLE 8
OTHER POST-CLOSING MATTERS

8.1 Non Merger

Each Party hereby agrees that all provisions of this Agreement, other than the conditions in Article 4, shall forever survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement.

8.2 Further Assurances

Each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, for the purposes of giving effect to this Agreement.

ARTICLE 9
GENERAL

9.1 Expenses

Each Party shall be responsible for its own legal and other expenses (including ally Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Transaction and for the payment of any broker's commission, finder's fee or like payment payable by it in respect of the purchase and sale of the Purchased Assets pursuant to this Agreement.

9.2 Announcements

Except as required by law, all public announcements concerning the Transaction provided for in this Agreement or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement after consultation.

9.3 Capacity

It is acknowledged by the Purchaser that the Vendor is entering into this Agreement solely in its capacity as court-appointed receiver of the assets, undertakings and properties of the Companies, and that the Vendor shall have no personal or corporate liability under or as a result of this Agreement. Any claim against the Vendor shall be limited to and only enforceable against the assets, undertakings and properties then held by or available to the Vendor in its capacity as court-appointed receiver of the Companies and shall not apply to its personal property and other assets held by it in any other capacity. The term "Vendor" as used in this Agreement shall

have no inference or reference to the present registered owner of the Purchased Assets.

9.4 Notices

(1) Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax or other similar means of electronic communication, in each case to the applicable address set out below:

- (i) msi Spergel inc.
505 Consumers Road, Suite 200
Toronto, ON M2J 4V8

Attention: Mukul Manchanda
Email: mmanchanda@spergel.ca

With a copy to:

Harrison Pensa LLP
130 Dufferin Avenue, Suite 1101
London, ON N6A 5R2

Attention: Melinda Vine
Email: mvine@harrisonpensa.com

- (ii) if to the Purchaser, to:

Auctionmaxx Inc.
49 Twyford Road
Etobicoke, ON M9A 1W5

Attention: Jayson Driver
Email: jayson@maxx.ca

(2) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered. or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5th) Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given ~~or~~

made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.

- (3) Any Party may from time to time change its address under this Section 9.4 by notice to the other Party given in the manner provided by this Section.

9.5 Time of Essence

Time shall be of the essence of this Agreement in all respects.

9.6 Time Periods

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

9.7 Entire Agreement

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

9.8 Amendments and Waiver

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchaser and the Vendor. The Vendor and the Purchaser may consent to any such amendment at any time prior to the Closing with, in the case of the Purchaser, the prior authorization of its board of directors. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

9.9 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

9.10 Language

The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux presents ont exige que le present contrat et tous contrats, documents ou afferents aux presents soient rediges en langue anglaise.

9.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in that Province and shall be treated, in all respects, as an Ontario contract. Any action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby or thereby may be brought in the courts of the Province of Ontario and each party irrevocably submits and agrees to attorn to the exclusive jurisdiction of such courts in any such action or proceeding.

9.12 Successors and Assigns

No party to this Agreement shall have the right to assign any of its rights and obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonably withheld. The Purchaser may assign its rights and obligations under this Agreement to an affiliate of the Purchaser, provided that the Purchaser remains liable, jointly, with such affiliate for all the obligations of the Purchaser hereunder. To the extent that any such assignment occurs, this Agreement and all provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

9.13 No Third Party Beneficiaries

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns or as specifically referred to herein.

9.14 Counterparts


This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in

original, faxed or email PDF form and the parties adopt any signatures received by a receiving fax machine or email PDF as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed or entailed.

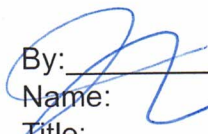
[remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties have executed this Agreement.

msi SPERGEL inc., solely in its capacity as court appointed receiver of Vellend-Tech Inc., and not in its personal capacity and without personal or corporate liability

By: 
Name: Mukul Manchanda, CPA, CIRP, LIT
Title: Managing Partner
I have authority to bind the corporation.

AUCTIONMAXX INC.

By: 
Name: Jonathan Martin
Title: President
I have authority to bind the corporation.

SCHEDULE 1.1(6)
Approval and Vesting Order

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) TUESDAY, THE 1ST
JUSTICE KIMMEL) DAY OF AUGUST, 2023

B E T W E E N:

ROYAL BANK OF CANADA

Plaintiff

- and -

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

APPROVAL AND VESTING ORDER

THIS MOTION, made by msi Spergel inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Vellend-Tech Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an asset purchase agreement (the "Sale Agreement") between the Receiver and Auctionmaxx Inc. (the "Purchaser") dated July [], 2023 and appended to the Report of the Receiver dated July 19, 2023 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets") and referenced in Schedule "B" hereto, was heard this day by judicial videoconference via Zoom at 330 University Avenue, Toronto, Ontario.

ON READING the Report 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 Lindsay Ferguson sworn July 20, 2023 filed:

1. 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 the Purchaser.

2. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser 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 the Purchased Assets described in the Sale Agreement and listed on Schedule "B" hereto shall vest absolutely in the Purchaser, 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"¹) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Steele dated May 16, 2023; (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) 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.

¹ The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

3. 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.

4. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. 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 the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Purchaser 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.

6. 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 the Purchaser 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.

7. 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.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-23-00698375-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

B E T W E E N:

ROYAL BANK OF CANADA

Plaintiff

- and –

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN VELLEND

Defendants

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Steele of the Ontario Superior Court of Justice (the "Court") dated May 16, 2023, msi Spergel inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Vellend-Tech Inc. (the “Debtor”).

B. Pursuant to an Order of the Court dated August 1, 2023, the Court approved the agreement of purchase and sale made as of July [], 2023 (the "Sale Agreement") between the Receiver and Auctionmaxx Inc. (the "Purchaser") and provided for the vesting in the Purchaser 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 the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; 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. The Purchaser 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 the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; 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 Receiver of the undertaking, property and assets of Vellend-Tech Inc., and not in its personal or corporate capacity

Per: _____
Name:
Title:

Schedule B – Purchased Assets

All assets referenced in the Sale Agreement.

SCHEDULE 1.1(32)
Company Assets

VELLEND-TECH INC.

(ASSET LIST)

ITEM #	S	M	L	XL	MAKE	MODEL	COLOR	BIKE SIZE	GENDER	TYPE
1			22		REID	CLASSIC 7 SPEED	BLACK	520 MM	LADIES	CLASSIC
2		22			REID	CLASSIC 7 SPEED	BLACK	M	LADIES	CLASSIC
3		7			REID	CLASSIC 7 SPEED	BABY BLUE	M	LADIES	CLASSIC
4	5				REID	CLASSIC 7 SPEED	BABY BLUE	S	LADIES	CLASSIC
5	7				REID	CLASSIC 7 SPEED	SAGE	S	LADIES	CLASSIC
6		7			REID	CLASSIC 7 SPEED	SAGE	M	LADIES	CLASSIC
7			10		REID	URBAN X1	BLACK	L	MEN	URBAN
8			7		REID	URBAN X1 WSD	BLACK	L	MEN	URBAN
9			10		REID	CLASSIC 7 SPEED	BABY BLUE	L	LADIES	CLASSIC
10			17		REID	CLASSIC 7 SPEED	BABY BLUE	L	LADIES	CLASSIC
11	2				REID	CLASSIC 7 SPEED	BABY BLUE	S	LADIES	CLASSIC
12		3			REID	CLASSIC 7 SPEED	BABY BLUE	M	LADIES	CLASSIC
13	8				REID	CLASSIC 7 SPEED	BABY BLUE	S	LADIES	CLASSIC
14		11			REID	CLASSIC 7 SPEED	BABY BLUE	M	LADIES	CLASSIC
15			11		REID	CLASSIC 7 SPEED	BABY BLUE	L	LADIES	CLASSIC
16		4			REID	CLASSIC 7 SPEED	BABY BLUE	M	LADIES	CLASSIC
17			1		REID	CLASSIC 7 SPEED	BABY BLUE	L	LADIES	CLASSIC
18	13				REID	CLASSIC 7 SPEED	TURQUOISE	S	LADIES	CLASSIC
19		15			REID	CLASSIC 7 SPEED	TURQUOISE	M	LADIES	CLASSIC
20		9			REID	CLASSIC 7 SPEED	TURQUOISE	M	LADIES	CLASSIC
21		2			REID	CLASSIC 7 SPEED	SAGE	L	LADIES	CLASSIC
22			8		REID	CLASSIC 7 SPEED	MINT GREEN	M	LADIES	CLASSIC
23	15				REID	CLASSIC 7 SPEED	CHERRY	S	LADIES	CLASSIC
24			1		REID	CLASSIC 7 SPEED	LEMON	L	LADIES	CLASSIC
25			1		REID	ESPRIT	BABY BLUE	L	LADIES	ESPRIT
26				1	REID	EXPLORER S 20" C BOY	BLUE	UNSIZE	BOYS	EXPLORER
27			7		REID	CITY CROSS 2 WSD	PURPLE	L	LADIES	CITY CROSS
28				1	REID	ORIGINAL GRAVEL XL	DUSKY BLUE	XL	MEN	ORIGINAL GRAVEL
29			2		REID	CLASSIC 7 SPEED	LEMON	L	LADIES	CLASSIC
30	2				REID	CLASSIC 7 SPEED	LEMON	S	LADIES	CLASSIC
31		2			REID	CLASSIC 7 SPEED	LEMON	M	LADIES	CLASSIC
32	1				REID	GRANITE 1.0	GREY	S	MENS	GRANITE
33	13				REID	CLASSIC 7 SPEED	BLACK	S	LADIES	CLASSIC
34	5				REID	CLASSIC 7 SPEED	BLACK	S	LADIES	CLASSIC
35	11				REID	CLASSIC 7 SPEED	MINT GREEN	S	LADIES	CLASSIC
36		4			REID	CLASSIC 7 SPEED	MINT GREEN	M	LADIES	CLASSIC
37			14		REID	CLASSIC 7 SPEED	MINT GREEN	L	LADIES	CLASSIC
38	7				REID	CLASSIC 7 SPEED	AQUA	S	LADIES	CLASSIC
39		2			REID	CLASSIC 7 SPEED	AQUA	M	LADIES	CLASSIC
40	1				REID	CLASSIC 7 SPEED	LAVENDER	S	LADIES	CLASSIC
41		7			REID	CLASSIC 7 SPEED	LAVENDER	M	LADIES	CLASSIC
42		4			REID	CLASSIC 7 SPEED	LAVENDER	M	LADIES	CLASSIC
43			10		REID	CLASSIC 7 SPEED	LAVENDER	L	LADIES	CLASSIC
44			14		REID	CLASSIC 7 SPEED	LAVENDER	L	LADIES	CLASSIC
45				5	REID	MY21 HERCULES	DARK GREEN	XL	UNISEX	HERCULES
46	3				REID	ALPHA 26"	ARMY GREEN	S	UNISEX	ALPHA FAT
47				2	REID	ALPHA 26"	SLATE GREY	XL	UNISEX	ALPHA FAT
48				1	REID	ALPHA 26"	DARK GREEN	XL	UNISEX	
49	1				REID	MY21 HERCULES	DARK GREEN	S	UNISEX	HERCULES
50				4	REID	ALPHA 26"	SLATE GREY	XL	UNISEX	ALPHA FAT
51	4				REID	ALPHA 26"	ARMY GREEN	S	UNISEX	ALPHA FAT

VELLEND-TECH INC.

(ASSET LIST)

ITEM #	S	M	L	XL	MAKE	MODEL	COLOR	BIKE SIZE	GENDER	TYPE
52				1	REID	ALPHA 26"	SLATE GREY	XL	UNISEX	ALPHA FAT
53	3				REID	ALPHA 26"	SLATE GREY	S	UNISEX	ALPHA FAT
54	4				REID	ALPHA 26"	ARMY GREEN	S	UNISEX	ALPHA FAT
55				8	REID	ALPHA 26"	SLATE GREY	XL	UNISEX	ALPHA FAT
56			13		REID	CLASSIC 7 SPEED	PINK	L	LADIES	CLASSIC
57	1				REID	CLASSIC 7 SPEED	CHERRY	S	LADIES	CLASSIC
58			7		REID	CLASSIC 7 SPEED	CHERRY	L	LADIES	CLASSIC
59		7			REID	CLASSIC 7 SPEED	CHERRY	M	LADIES	CLASSIC
60	3				REID	CLASSIC 7 SPEED	CHERRY	S	LADIES	CLASSIC
61		4			REID	CLASSIC 7 SPEED	ROSE GOLD	M	LADIES	CLASSIC
62			5		REID	CLASSIC 7 SPEED	CHERRY	L	LADIES	CLASSIC
63	11				REID	CLASSIC 7 SPEED	CHERRY	S	LADIES	CLASSIC
64		2			REID	CLASSIC 7 SPEED	CHERRY	M	LADIES	CLASSIC
65	2				REID	CLASSIC 7 SPEED	CHERRY	S	LADIES	CLASSIC
66		9			REID	CLASSIC 7 SPEED	CHERRY	M	LADIES	CLASSIC
67	6				REID	CLASSIC 7 SPEED	CHERRY	S	LADIES	CLASSIC
68		1			REID	CLASSIC 7 SPEED	MINT GREEN	M	LADIES	CLASSIC
69	3				REID	CLASSIC 7 SPEED	SAGE	S	LADIES	CLASSIC
70		1			REID	CLASSIC 7 SPEED	TURQUOISE	M	LADIES	CLASSIC
71			2		REID	CLASSIC 7 SPEED	SAGE	L	LADIES	CLASSIC
72	1				REID	CLASSIC 7 SPEED S	TURQUOISE	S	LADIES	CLASSIC
73		1			REID	CLASSIC 7 SPEED	ROSE GOLD	M	LADIES	CLASSIC
74			8		REID	CLASSIC 7 SPEED	SAGE	L	LADIES	CLASSIC
75		5			REID	CLASSIC 7 SPEED	SAGE	M	LADIES	CLASSIC
76			3		REID	CLASSIC 7 SPEED	MINT GREEN	L	LADIES	CLASSIC
77			1		REID	AQUILA BLACK L - 54CM	BLACK	L - 54cm	UNISEX	AQUILA
78			1		REID	AQUILA BLACK S - 47CM	BLACK	S - 47cm	UNISEX	AQUILA
79				7	REID	AQUILA BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	AQUILA
80				10	REID	AQUILA BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	AQUILA
81				10	REID	AQUILA BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	AQUILA
82				10	REID	AQUILA BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	AQUILA
83				10	REID	AQUILA BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	AQUILA
84				10	REID	AQUILA BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	AQUILA
85			9		REID	AQUILA BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	CITY 1
86			11		REID	CITY 1 BLACK L - 54CM	BLACK (CHARCOAL)	L - 54cm	UNISEX	CITY 1
87			11		REID	CITY 1 BLACK L - 54CM	BLACK (CHARCOAL)	L - 54cm	UNISEX	CITY 1
88			6		REID	CITY 1 BLACK L - 54CM	BLACK (CHARCOAL)	L - 54cm	UNISEX	CITY 1
89		11			REID	CITY 1 BLACK M - 51CM	BLACK	M - 51cm	UNISEX	CITY 1
90		10			REID	CITY 1 BLACK M - 51CM	BLACK	M - 51cm	UNISEX	CITY 1
91		10			REID	CITY 1 BLACK M - 51CM	BLACK	M - 51cm	UNISEX	CITY 1
92	5				REID	CITY 1 BLACK S - 48CM	BLACK	S - 48cm	UNISEX	CITY 1
93	11				REID	CITY 1 BLACK S - 48CM	BLACK	S - 48cm	UNISEX	CITY 1
94	11				REID	CITY 1 BLACK S - 48CM	BLACK	S - 48cm	UNISEX	CITY 1
95				10	REID	CITY 1 BLACK XL - 57CM	BLACK (CHARCOAL)	XL - 57cm	UNISEX	CITY 1
96				10	REID	CITY 1 BLACK XL - 57CM	BLACK (CHARCOAL)	XL - 57cm	UNISEX	CITY 1
97				10	REID	CITY 1 BLACK XL - 57CM	BLACK (CHARCOAL)	XL - 57cm	UNISEX	CITY 1
98				10	REID	CITY 1 BLACK XL - 57CM	BLACK (CHARCOAL)	XL - 57cm	UNISEX	CITY 1
99				10	REID	CITY 1 BLACK XL - 57CM	BLACK (CHARCOAL)	XL - 57cm	UNISEX	CITY 1
100			6		REID	CITY 1 WSD BABY BLUE L - 45CM	BABY BLUE	L - 45cm	UNISEX	CITY 1
101			10		REID	CITY 1 WSD BABY BLUE L - 45CM	BABY BLUE	L - 45cm	UNISEX	CITY 1
102	8				REID	CITY 1 WSD BABY BLUE S - 39CM	BABY BLUE	S - 39cm	UNISEX	CITY 1

VELLEND-TECH INC.

(ASSET LIST)

ITEM #	S	M	L	XL	MAKE	MODEL	COLOR	BIKE SIZE	GENDER	TYPE
103	10				REID	CITY 1 WSD BABY BLUE S - 39CM	BABY BLUE	S - 39cm	UNISEX	CITY 1
104	10				REID	CITY 1 WSD BABY BLUE S - 39CM	BABY BLUE	S - 39cm	UNISEX	CITY 1
105	10				REID	CITY 1 WSD BABY BLUE S - 39CM	BABY BLUE	S - 39cm	UNISEX	CITY 1
106		10			REID	CITY CROSS 2 WSD PURPLE M - 42CM	PURPLE	M - 42cm	UNISEX	CITY CROSS
107		3			REID	CITY CROSS 2 WSD PURPLE M - 42CM	PURPLE	M - 42cm	UNISEX	CITY CROSS
108		1			REID	COMFORT 2 CHARCOAL M - 43CM	CHARCOAL	M - 43cm	UNISEX	COMFORT
109	6				REID	CX BLACK S - 50CM	BLACK	S - 50cm	UNISEX	CX
110				9	REID	CX BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	CX
111	12				REID	EXPLORER S 12" GIRLS MINT AQUA 12"	MINT AQUA	12"	GIRLS	EXPLORER
112	4				REID	LORER S 20" GIRLS V BRAKE MY22 WHITE AQUA	WHITE AQUA	20"	GIRLS	EXPLORER
113	9				REID	EXPLORER S BALANCE BIKE BOYS BLUE 12"	BLUE	12"	BOYS	EXPLORER
114	9				REID	EXPLORER S BALANCE BIKE GIRLS HOT PINK 12"	HOT PINK	12"	GIRLS	EXPLORER
115				5	REID	EXPRESS BLUE XL - 57CM	BLUE	XL - 57cm	UNISEX	EXPRESS
116				11	REID	EXPRESS DUSKY BLUE XL - 57CM	DUSKY BLUE	XL - 57cm	UNISEX	EXPRESS
117				11	REID	EXPRESS DUSKY BLUE XL - 57CM	DUSKY BLUE	XL - 57cm	UNISEX	EXPRESS
118		1			REID	GENTS CRUISER MATTE BLACK M - 43CM	MATTE BLACK	M - 43cm	MENS	ROADSTER
119			8		REID	GENTS ROADSTER BLACK L - 58 CM	BLACK	L - 58 cm	MENS	ROADSTER
120		5			REID	GENTS ROADSTER BLACK M - 55CM	BLACK	M - 55cm	MENS	ROADSTER
121	10				REID	GENTS ROADSTER BLACK S - 52CM	BLACK	S - 52cm	MENS	ROADSTER
122	5				REID	GENTS ROADSTER BLACK S - 52CM	BLACK	S - 52cm	MENS	ROADSTER
123	3				REID	GENTS ROADSTER COTSWOLD BLUE S - 52CM	COTSWOLD BLUE(NAVY)	S - 52cm	MENS	ROADSTER
124			10		REID	GENTS ROADSTER NAVY L - 58 CM	NAVY	L - 58 cm	MENS	ROADSTER
125			5		REID	GENTS ROADSTER NAVY L - 58 CM	NAVY	L - 58 cm	MENS	ROADSTER
126		3			REID	GENTS ROADSTER NAVY M - 55CM	NAVY	M - 55cm	MENS	ROADSTER
127	1				REID	GENTS ROLLER BLACK S - 50CM	BLACK	S - 50cm	MENS	ROLLER
128		2			REID	GENTS ROLLER CHARCOAL M - 53CM	CHARCOAL	M - 53cm	MENS	ROLLER
129	5				REID	GENTS ROLLER CHARCOAL S - 50CM	CHARCOAL	S - 50cm	MENS	ROLLER
130	3				REID	GRANITE 1.0 GREY S - 49CM	GREY	S - 49cm	UNISEX	
131				10	REID	GRANITE 1.0 GREY XL - 58CM	GREY	XL - 58cm	UNISEX	
132				10	REID	GRANITE 1.0 GREY XL - 58CM	GREY	XL - 58cm	UNISEX	
133				10	REID	GRANITE 1.0 GREY XL - 58CM	GREY	XL - 58cm	UNISEX	
134				6	REID	GRANITE 1.0 GREY XL - 58CM	GREY	XL - 58cm	UNISEX	
135			15		REID	LADIES CLASSIC AQUA L - 52CM	AQUA	L - 52cm	LADIES	CLASSIC
136			8		REID	LADIES CLASSIC AQUA L - 52CM	AQUA	L - 52cm	LADIES	CLASSIC
137		8			REID	LADIES CLASSIC AQUA M - 46CM	AQUA	M - 46cm	LADIES	CLASSIC
138	8				REID	LADIES CLASSIC AQUA S - 42CM	AQUA	S - 42cm	LADIES	CLASSIC
139	4				REID	LADIES CLASSIC BABY BLUE S - 42CM	BABY BLUE	S - 42cm	LADIES	CLASSIC
140			7		REID	LADIES CLASSIC BLACK L - 52CM	BLACK	L - 52cm	LADIES	CLASSIC
141			10		REID	LADIES CLASSIC BLACK L - 52CM	BLACK	L - 52cm	LADIES	CLASSIC
142			10		REID	LADIES CLASSIC BLACK L - 52CM	BLACK	L - 52cm	LADIES	CLASSIC
143			10		REID	LADIES CLASSIC BLACK L - 52CM	BLACK	L - 52cm	LADIES	CLASSIC
144	10				REID	LADIES CLASSIC BLACK S - 42CM	BLACK	S - 42cm	LADIES	CLASSIC
145	11				REID	LADIES CLASSIC BLACK S - 42CM	BLACK	S - 42cm	LADIES	CLASSIC
146			6		REID	LADIES CLASSIC LAVENDER L - 52CM	LAVENDER	L - 52cm	LADIES	CLASSIC
147			4		REID	LADIES CLASSIC LAVENDER L - 52CM	LAVENDER	L - 52cm	LADIES	CLASSIC
148		1			REID	LADIES CLASSIC LAVENDER M - 46CM	LAVENDER	M - 46cm	LADIES	CLASSIC
149			10		REID	LADIES CLASSIC MINT GREEN L - 52CM	MINT GREEN	L - 52cm	LADIES	CLASSIC
150			10		REID	LADIES CLASSIC ROSE GOLD L - 52CM	ROSE GOLD	L - 52cm	LADIES	CLASSIC
151			10		REID	LADIES CLASSIC ROSE GOLD L - 52CM	ROSE GOLD	L - 52cm	LADIES	CLASSIC
152			10		REID	LADIES CLASSIC ROSE GOLD L - 52CM	ROSE GOLD	L - 52cm	LADIES	CLASSIC
153			10		REID	LADIES CLASSIC ROSE GOLD L - 52CM	ROSE GOLD	L - 52cm	LADIES	CLASSIC

VELLEND-TECH INC.

(ASSET LIST)

ITEM #	S	M	L	XL	MAKE	MODEL	COLOR	BIKE SIZE	GENDER	TYPE
154		10			REID	LADIES CLASSIC ROSE GOLD M - 46CM	ROSE GOLD	M - 46cm	LADIES	CLASSIC
155		6			REID	LADIES CLASSIC ROSE GOLD M - 46CM	ROSE GOLD	M - 46cm	LADIES	CLASSIC
156		8			REID	LADIES CLASSIC ROSE GOLD M - 46CM	ROSE GOLD	M - 46cm	LADIES	CLASSIC
157	11				REID	LADIES CLASSIC ROSE GOLD S - 42CM	ROSE GOLD	S - 42cm	LADIES	CLASSIC
158			10		REID	LADIES CLASSIC SAGE L - 52CM	SAGE	L - 46cm	LADIES	CLASSIC
159			10		REID	LADIES CLASSIC SAGE L - 52CM	SAGE	L - 46cm	LADIES	CLASSIC
160			5		REID	LADIES CLASSIC SAGE L - 52CM	SAGE	L - 46cm	LADIES	CLASSIC
161	6				REID	LADIES ESPRIT BABY BLUE S - 42CM	BABY BLUE	S - 42cm	LADIES	CLASSIC
162	10				REID	LADIES ESPRIT BABY BLUE S - 42CM	BABY BLUE	S - 42cm	LADIES	ESPRIT
163		8			REID	LADIES ESPRIT BLACK M - 46CM	BLACK	M - 46cm	LADIES	ESPRIT
164		10			REID	LADIES ESPRIT BLACK M - 46CM	BLACK	M - 46cm	LADIES	ESPRIT
165		10			REID	LADIES ESPRIT BLACK M - 46CM	BLACK	M - 46cm	LADIES	ESPRIT
166	10				REID	LADIES ESPRIT BLACK S - 42CM	BLACK	S - 42cm	LADIES	ESPRIT
167	5				REID	LADIES ESPRIT BLACK S - 42CM	BLACK	S - 42cm	LADIES	ESPRIT
168	10				REID	LADIES ESPRIT CHARCOAL S - 42CM	CHARCOAL	S - 42cm	LADIES	ESPRIT
169	10				REID	LADIES ESPRIT CHARCOAL S - 42CM	CHARCOAL	S - 42cm	LADIES	ESPRIT
170	10				REID	LADIES ESPRIT CHARCOAL S - 42CM	CHARCOAL	S - 42cm	LADIES	ESPRIT
171	9				REID	LADIES ESPRIT CHERRY S - 42CM	CHERRY	S - 42cm	LADIES	ESPRIT
172	7				REID	LADIES ESPRIT ROSE GOLD S - 42CM	ROSE GOLD	S - 42cm	LADIES	ESPRIT
173	10				REID	LADIES ESPRIT ROSE GOLD S - 42CM	ROSE GOLD	S - 42cm	LADIES	ESPRIT
174	9				REID	LADIES ESPRIT SAGE S - 42CM	SAGE	S - 42cm	LADIES	ESPRIT
175	10				REID	LADIES ESPRIT SAGE S - 42CM	SAGE	S - 42cm	LADIES	ESPRIT
176		10			REID	MTB PRO DISC CHARCOAL M - 43CM	GREY (CHARCOAL)	M - 43cm	UNISEX	MTB PRO
177		6			REID	MTB PRO DISC CHARCOAL M - 43CM	GREY (CHARCOAL)	M - 43cm	UNISEX	MTB PRO
178				4	REID	MTB PRO DISC CHARCOAL XL - 53CM	GREY (CHARCOAL)	XL - 53cm	UNISEX	MTB PRO
179				1	REID	MTB PRO DISC CHARCOAL XL - 53CM	GREY (CHARCOAL)	XL - 53cm	UNISEX	MTB PRO
180			6		REID	MTB PRO WSD BLUE L - 46CM	BLUE	L - 46cm	UNISEX	MTB PRO
181			6		REID	MTB PRO WSD BLUE L - 46CM	BLUE	L - 46cm	UNISEX	MTB PRO
182		10			REID	MTB SPORT BLACK M- CM	BLACK	M - cm	UNISEX	MTB SPORT
183		7			REID	MTB SPORT BLACK M- CM	BLACK	M - cm	UNISEX	MTB SPORT
184				10	REID	MTB SPORT BLACK XL - 53CM	BLACK	XL - 53cm	UNISEX	MTB SPORT
185				6	REID	MTB SPORT BLACK XL - 53CM	BLACK	XL - 53cm	UNISEX	MTB SPORT
186			10		REID	MTB SPORT BLACK L - 48CM	BLACK	L - 48cm	UNISEX	MTB SPORT
187			10		REID	MTB SPORT BLACK L - 48CM	BLACK	L - 48cm	UNISEX	MTB SPORT
188			10		REID	MTB SPORT DISC WSD AQUA L - 46CM	AQUA	L - 46cm	UNISEX	MTB SPORT
189			11		REID	MTB SPORT DISC WSD AQUA L - 46CM	AQUA	L - 46cm	UNISEX	MTB SPORT
190		10			REID	MTB SPORT DISC WSD AQUA M - 41CM	AQUA	M - 41cm	UNISEX	MTB SPORT
191		11			REID	MTB SPORT DISC WSD AQUA M - 41CM	AQUA	M - 41cm	UNISEX	MTB SPORT
192		11			REID	MTB SPORT DISC WSD AQUA M - 41CM	AQUA	M - 41cm	UNISEX	MTB SPORT
193	2				REID	MTB SPORT DISC WSD AQUA S - 36CM	AQUA	S - 36cm	UNISEX	MTB SPORT
194				1	REID	MTB SPORT WSD BABY BLUE L - 46CM	BABY BLUE	L - 46cm	UNISEX	MTB SPORT
195			2		REID	ORIGINAL CITY BRITISH RACING GREEN L - 54CM	RACING GREEN	L - 54cm	UNISEX	ORIGINAL
196	10				REID	ORIGINAL CITY BRITISH RACING GREEN S - 48CM	BRITISH RACING GREEN	S - 48cm	UNISEX	ORIGINAL
197	9				REID	ORIGINAL CITY BRITISH RACING GREEN S - 48CM	BRITISH RACING GREEN	S - 48cm	UNISEX	ORIGINAL
198	10				REID	ORIGINAL CITY BRITISH RACING GREEN S - 48CM	BRITISH RACING GREEN	S - 48cm	UNISEX	ORIGINAL
199				6	REID	ORIGINAL CITY BRITISH RACING GREEN XL - 57CM	BRITISH RACING GREEN	XL - 57cm	UNISEX	ORIGINAL
200			12		REID	ORIGINAL GRAVEL DUSKY BLUE L - 56CM	DUSKY BLUE	L - 56cm	UNISEX	ORIGINAL
201			12		REID	ORIGINAL GRAVEL DUSKY BLUE L - 56CM	DUSKY BLUE	L - 56cm	UNISEX	ORIGINAL
202			12		REID	ORIGINAL GRAVEL DUSKY BLUE L - 56CM	DUSKY BLUE	L - 56cm	UNISEX	ORIGINAL
203			12		REID	ORIGINAL GRAVEL DUSKY BLUE L - 56CM	DUSKY BLUE	L - 56cm	UNISEX	ORIGINAL
204			12		REID	ORIGINAL GRAVEL DUSKY BLUE L - 56CM	DUSKY BLUE	L - 56cm	UNISEX	ORIGINAL

VELLEND-TECH INC.

(ASSET LIST)

ITEM #	S	M	L	XL	MAKE	MODEL	COLOR	BIKE SIZE	GENDER	TYPE
205			11		REID	ORIGINAL GRAVEL DUSKY BLUE L - 56CM	DUSKY BLUE	L - 56cm	UNISEX	ORIGINAL
206		10			REID	ORIGINAL GRAVEL DUSKY BLUE M - 53CM	DUSKY BLUE	M - 53cm	UNISEX	ORIGINAL
207		15			REID	ORIGINAL GRAVEL DUSKY BLUE M - 53CM	DUSKY BLUE	M - 53cm	UNISEX	ORIGINAL
208		15			REID	ORIGINAL GRAVEL DUSKY BLUE M - 53CM	DUSKY BLUE	M - 53cm	UNISEX	ORIGINAL
209		15			REID	ORIGINAL GRAVEL DUSKY BLUE M - 53CM	DUSKY BLUE	M - 53cm	UNISEX	ORIGINAL
210			4		REID	ORIGINAL ROAD BLACK L - 56CM	BLACK	L - 46cm	UNISEX	ORIGINAL
211			10		REID	ORIGINAL ROAD BLACK L - 56CM	BLACK	L - 46cm	UNISEX	ORIGINAL
212			10		REID	ORIGINAL ROAD BLACK L - 56CM	BLACK	L - 56cm	UNISEX	ORIGINAL
213			11		REID	ORIGINAL ROAD BLACK L - 56CM	BLACK	L - 56cm	UNISEX	ORIGINAL
214			11		REID	ORIGINAL ROAD BLACK L - 56CM	BLACK	L - 56cm	UNISEX	ORIGINAL
215		8			REID	ORIGINAL ROAD BLACK M - 53CM	BLACK	M - 53cm	UNISEX	ORIGINAL
216		3			REID	ORIGINAL ROAD BLACK M - 53CM	BLACK	M - 53cm	UNISEX	ORIGINAL
217		7			REID	ORIGINAL ROAD BLACK M - 53CM	BLACK	M - 53cm	UNISEX	ORIGINAL
218		11			REID	ORIGINAL ROAD BLACK M - 53CM	BLACK	M - 53cm	UNISEX	ORIGINAL
219		11			REID	ORIGINAL ROAD BLACK M - 53CM	BLACK	M - 53cm	UNISEX	ORIGINAL
220		11			REID	ORIGINAL ROAD BLACK M - 53CM	BLACK	M - 53cm	UNISEX	ORIGINAL
221	2				REID	ORIGINAL ROAD BLACK S - 50CM	BLACK	S - 50cm	UNISEX	ORIGINAL
222	8				REID	ORIGINAL ROAD BLACK S - 50CM	BLACK	S - 50cm	UNISEX	ORIGINAL
223				9	REID	ORIGINAL ROAD BLACK XL - 59CM	BLACK	XL - 59cm	UNISEX	ORIGINAL
224				11	REID	ORIGINAL ROAD BLACK XL - 59CM	BLACK	XL - 59cm	UNISEX	ORIGINAL
225				11	REID	ORIGINAL ROAD BLACK XL - 59CM	BLACK	XL - 59cm	UNISEX	ORIGINAL
226				11	REID	ORIGINAL ROAD BLACK XL - 59CM	BLACK	XL - 59cm	UNISEX	ORIGINAL
227				6	REID	SCOUT BLUE GREEN	BLUE GREEN	24"	UNISEX	SCOUT
228				15	REID	SCOUT BLUE GREEN	BLUE GREEN	24"	UNISEX	SCOUT
229				11	REID	SCOUT BLUE ORANGE	BLUE ORANGE	24"	UNISEX	SCOUT
230				10	REID	SCOUT BLUE ORANGE	BLUE ORANGE	24"	UNISEX	SCOUT
231				5	REID	SCOUT TURQUOISE	TURQUOISE (LIGHT AQUA)	24"	UNISEX	SCOUT
232				9	REID	SCOUT TURQUOISE	TURQUOISE (LIGHT AQUA)	24"	UNISEX	SCOUT
233				10	REID	SCOUT TURQUOISE	TURQUOISE (LIGHT AQUA)	24"	UNISEX	SCOUT
234				10	REID	SCOUT TURQUOISE	TURQUOISE (LIGHT AQUA)	24"	UNISEX	SCOUT
235				10	REID	SCOUT TURQUOISE	TURQUOISE (LIGHT AQUA)	24"	UNISEX	SCOUT
236				10	REID	SCOUT TURQUOISE	TURQUOISE (LIGHT AQUA)	24"	UNISEX	SCOUT
237	10				REID	SCOUT 20" BLUE GREEN 20"	BLUE GREEN	20"	UNISEX	SCOUT
238	10				REID	SCOUT 20" BLUE GREEN 20"	BLUE GREEN	20"	UNISEX	SCOUT
239	11				REID	SCOUT 20" BLUE ORANGE 20"	BLUE ORANGE	20"	UNISEX	SCOUT
240	11				REID	SCOUT 20" BLUE ORANGE 20"	BLUE ORANGE	20"	UNISEX	SCOUT
241	8				REID	SCOUT 20" TURQUOISE 20"	TURQUOISE(LIGHT AQUA)	20"	UNISEX	SCOUT
242	10				REID	SCOUT 20" TURQUOISE 20"	TURQUOISE(LIGHT AQUA)	20"	UNISEX	SCOUT
243	10				REID	SCOUT 20" TURQUOISE 20"	TURQUOISE(LIGHT AQUA)	20"	UNISEX	SCOUT
244	12				REID	TRANSIT CHARCOAL L - 51CM	CHARCOAL	L - 51cm	UNISEX	TRANSIT
245		10			REID	TRANSIT CHARCOAL M - 48CM	CHARCOAL	M - 48cm	UNISEX	TRANSIT
246		5			REID	TRANSIT CHARCOAL M - 48CM	CHARCOAL	M - 48cm	UNISEX	TRANSIT
247		10			REID	TRANSIT CHARCOAL M - 48CM	CHARCOAL	M - 48cm	UNISEX	TRANSIT
248				9	REID	TRANSIT CHARCOAL XL - 54CM	CHARCOAL	XL - 54cm	UNISEX	TRANSIT
249				9	REID	TRANSIT CHARCOAL XL - 54CM	CHARCOAL	XL - 54cm	UNISEX	TRANSIT
250				10	REID	TRANSIT CHARCOAL XL - 54CM	CHARCOAL	XL - 54cm	UNISEX	TRANSIT
251	5				REID	TRANSIT DISC BLACK S - 45CM	BLACK	S - 45cm	UNISEX	TRANSIT
252	10				REID	TRANSIT DISC BLACK S - 45CM	BLACK	S - 45cm	UNISEX	TRANSIT
253				3	REID	TRANSIT DISC BLACK XL - 54CM	BLACK	XL - 54cm	UNISEX	TRANSIT
254				10	REID	TRANSIT DISC BLACK XL - 54CM	BLACK	XL - 54cm	UNISEX	TRANSIT
255				4	REID	TRANSIT DISC WSD GREEN L - 45CM	GREEN	L - 45cm	UNISEX	TRANSIT

VELLEND-TECH INC.

(ASSET LIST)

ITEM #	S	M	L	XL	MAKE	MODEL	COLOR	BIKE SIZE	GENDER	TYPE
256			5		REID	TRANSIT DISC WSD GREEN L - 45CM	GREEN	L - 45cm	UNISEX	TRANSIT
257			5		REID	TRANSIT DISC WSD GREEN L - 45CM	GREEN	L - 45cm	UNISEX	TRANSIT
258			10		REID	TRANSIT DISC WSD GREEN L - 45CM	GREEN	L - 45cm	UNISEX	TRANSIT
259			10		REID	TRANSIT DISC WSD GREEN L - 45CM	GREEN	L - 45cm	UNISEX	TRANSIT
260			10		REID	TRANSIT DISC WSD GREEN L - 45CM	GREEN	L - 45cm	UNISEX	TRANSIT
261		10			REID	TRANSIT DISC WSD GREEN M - 42CM	GREEN	M - 42cm	UNISEX	TRANSIT
262		10			REID	TRANSIT DISC WSD GREEN M - 42CM	GREEN	M - 42cm	UNISEX	TRANSIT
263		10			REID	TRANSIT DISC WSD GREEN M - 42CM	GREEN	M - 42cm	UNISEX	TRANSIT
264		10			REID	TRANSIT DISC WSD GREEN M - 42CM	GREEN	M - 42cm	UNISEX	TRANSIT
265	10				REID	TRANSIT DISC WSD GREEN S - 39CM	GREEN	S - 39cm	UNISEX	TRANSIT
266	10				REID	TRANSIT DISC WSD GREEN S - 39CM	GREEN	S - 39cm	UNISEX	TRANSIT
267	5				REID	TRANSIT DISC WSD GREEN S - 39CM	GREEN	S - 39cm	UNISEX	TRANSIT
268			10		REID	TRANSIT DISC WSD OFF BLACK L - 45CM	BLACK	L - 45cm	UNISEX	TRANSIT
269			10		REID	TRANSIT DISC WSD OFF BLACK L - 45CM	BLACK	L - 45cm	UNISEX	TRANSIT
270			10		REID	TRANSIT DISC WSD OFF BLACK L - 45CM	BLACK	L - 45cm	UNISEX	TRANSIT
271		8			REID	TRANSIT DISC WSD OFF BLACK M - 42CM	BLACK	M - 42cm	UNISEX	TRANSIT
272	10				REID	TRANSIT DISC WSD OFF BLACK S - 39CM	BLACK	S - 39cm	UNISEX	TRANSIT
273	5				REID	TRANSIT DISC WSD OFF BLACK S - 39CM	BLACK	S - 39cm	UNISEX	TRANSIT
274	1				REID	TRANSIT DISC WSD CHARCOAL S - 39CM	CHARCOAL	S - 39cm	UNISEX	TRANSIT
275	1				REID	TRANSIT WSD CHARCOAL S - 39CM	CHARCOAL	S - 39cm	UNISEX	TRANSIT
276			11		REID	URBAN S BLACK L - 54CM	BLACK	L - 54cm	UNISEX	URBAN
277			11		REID	URBAN S BLACK L - 54CM	BLACK	L - 54cm	UNISEX	URBAN
278			11		REID	URBAN S BLACK L - 54CM	BLACK	L - 54cm	UNISEX	URBAN
279			11		REID	URBAN S BLACK L - 54CM	BLACK	L - 54cm	UNISEX	URBAN
280		10			REID	URBAN S BLACK M - 51CM	BLACK	M - 51cm	UNISEX	URBAN
281		11			REID	URBAN S BLACK M - 51CM	BLACK	M - 51cm	UNISEX	URBAN
282	10				REID	URBAN S BLACK S - 48CM	BLACK	S - 48cm	UNISEX	URBAN
283	9				REID	URBAN S BLACK S - 48CM	BLACK	S - 48cm	UNISEX	URBAN
284				10	REID	URBAN S BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	URBAN
285				4	REID	URBAN S BLACK XL - 57CM	BLACK	XL - 57cm	UNISEX	URBAN
286	8				REID	VIPER 20" BLUE 20"	BLUE	20"	UNISEX	VIPER
287	9				REID	VIPER 20" PINK 20"	PINK	20"	UNISEX	VIPER
288				9	REID	VIPER 24" BLUE 24"	BLUE	24"	UNISEX	VIPER
289	LOT OF RACKING, SHELVING BIKE BASKETS, BIKE SHOES, ELECTRIC SCOOTERS, PUMP CARTS, ROLLING LADDERS, BIKE SPARE PARTS AND ACCESSORIES, CLOTHING, DOLLIES, SKI EQUIPMENT, ETC.									

630 511 687 431

APPENDIX 3

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

VELLEND-TECH INC., ROBERT D. VELLAND and MARTIN D. VELLAND

Respondents

AFFIDAVIT OF GILLIAN GOLDBLATT
(Sworn July 20, 2023)

I, **GILLIAN GOLDBLATT**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Licensed Insolvency Trustee with msi Spergel inc. (“**Spergel**”), the Court-Appointed Receiver (the “**Receiver**”) of Velland-Tech Inc. (the “**Debtor**”), and as such have knowledge of the matters to deposed herein, except where such knowledge is stated to be based on information and belief, in which case I state the source of the information and verily believe such information to be true.

2. The Receiver was appointed, without security, of all of the assets, undertakings and properties of the Debtor by Order of the Honourable Madam Justice Steele dated May 16, 2023.

3. In connection with the receivership for the period to and including July 19, 2023 fees of \$41,265.34 inclusive of HST was charged by Spergel as detailed in the billing summary and time

dockets attached hereto as **Exhibit “1”** to this, my Affidavit. This represents 135.30 hours at an effective rate of \$269.90 per hour.

4. The hourly billing rates detailed in this Affidavit are comparable to the hourly rates charged by Spergel for services rendered in relation to similar proceedings.

5. I make this Affidavit for no improper purpose.

SWORN before me at the City of
Toronto, in the Province of Ontario
this 20th day of July 2023.

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)
)



Gillian Goldblatt

Commissioner for Taking Affidavits

**This is Exhibit "1" of the Affidavit of
Gillian Goldblatt
Sworn before me on this 20th day of July 2023**

A Commissioner, Etc.

APPENDIX 4

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff

and

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

**AFFIDAVIT OF JASON DIFRUSCIA
(Sworn July 20, 2023)**

I, **JASON DIFRUSCIA**, of the City of London, in the Province of Ontario, **MAKE OATH AND SAY:**

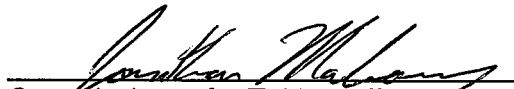
1. I am a solicitor qualified to practice law in the Province of Ontario and I am a lawyer with Harrison Pensa ^{LLP}, who acts as counsel for msi Spergel inc., in its capacity as Court-Appointed Receiver of the Respondent, Vellend-Tech Inc. in the within proceeding, and as such I have knowledge of the matters to which I hereinafter depose except for those matters based expressly upon information and belief.
2. Attached hereto and marked as Exhibit "A" are particulars of time spent by professionals at Harrison Pensa ^{LLP} in connection with this matter for the period of November 9, 2022 to July 19, 2023 and an account statement detailing the services provided dated July 20, 2023.
3. The hourly billing rates set out in the Exhibit are comparable to the hourly rates charged by Harrison Pensa ^{LLP} for services rendered in relation to similar proceedings.
4. The fees and disbursements of Harrison Pensa ^{LLP} in this matter to July 19, 2023 are as

follows:

- a. Total Billed Fees and Disbursements from November 9, 2022 to July 19, 2023 - \$6,180.15;
 - b. Total - \$6,180.15.
5. The weighted average hourly rate charged by professionals at Harrison Pensa^{LLP} is \$340.25.
 6. I estimate that the legal fees incurred by professionals at Harrison Pensa^{LLP} from July 19, 2023 to close this matter will total an additional \$7,000.00.
 7. I make this Affidavit in support of among other things, approval of fees and disbursements of the counsel for the Receiver.

Sworn before me: in person OR by video conference

by Jason DiFruscia at the City of London in the County of Middlesex, before me on July 20, 2023.



Commissioner for Taking Affidavits



JASON DIFRUSCIA

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff

and

VELLEND-TECH INC., ROBERT D. VELLEND and MARTIN A. VELLEND

Defendants

EXHIBITS

TAB "A" IS THE
EXHIBIT TO THE AFFIDAVIT OF
JASON DIFRUSCIA
SWORN THIS 20TH DAY OF JULY, 2023



A Commissioner for taking Affidavits

EXHIBIT A

(From November 9, 2022 to July 19, 2023)

	NAME	YEAR OF CALL	ACTUAL HOURS	HOURLY RATE	TOTAL
Partners	Melinda Vine	2007	10.40	\$350.00	\$3,640.00
Associates	Jason DiFruscia	2021	6.60	\$215.00	\$1,419.00
Clerks	Isabelle Stacey		2.00	\$145.00	\$290.00
	Olivia Rajsp		0.30	\$200.00	\$30.00
TOTAL FEES					\$5,409.00
HST ON FEES					\$703.17
TOTAL TAXABLE DISBURSEMENTS					\$46.00
TOTAL NON TAXABLE DISBURSEMENTS					\$16.00
HST DISBURSEMENTS					\$5.98
TOTAL FEES, DISBURSEMENTS AND HST					\$6,180.15

Harrison Pensa

LAWYERS

130 Dufferin Avenue, Suite 1101
P.O. Box 3237
London, ON N6A 4K3

Telephone: (519) 679 9660
Facsimile: (519) 667 3362

msi Spergel Inc.
200-505 Consumers Road
Toronto, ON
M2J 4V8

July 20, 2023
Invoice #: 237712
Account #: 237712-194546

File #: 194546/Melinda Vine
RE: Velland-Tech Inc.

TO ALL PROFESSIONAL SERVICES RENDERED in connection with the above-noted matter, including:

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
9-Nov-22	To correspondence with client	.20	\$70.00	MVI
24-Apr-23	To correspondence with client;	.20	\$70.00	MVI
24-Apr-23	To review receivership order;	.30	\$105.00	MVI
24-Apr-23	To correspondence with client;	.20	\$70.00	MVI
24-Apr-23	To correspondence with counsel to the Bank;	.20	\$70.00	MVI
24-Apr-23	To receipt and review of Application record;	.50	\$175.00	MVI
5-May-23	To correspondence with Rachel;	.20	\$70.00	MVI
16-May-23	To correspondence from counsel for RBC;	.20	\$70.00	MVI
16-May-23	To correspondence to counsel for borrower;	.20	\$70.00	MVI
16-May-23	To various correspondence re: access;	.40	\$140.00	MVI
17-May-23	To correspondence with client;	.20	\$70.00	MVI
17-May-23	To correspondence with client;	.20	\$70.00	MVI
17-May-23	To review law on RSLA;	.30	\$105.00	MVI
17-May-23	To review storage contract;	.20	\$70.00	MVI
17-May-23	To conference client;	.20	\$70.00	MVI
18-May-23	To call to warehouse; to report to client;	.30	\$105.00	MVI
18-May-23	To correspondence with client;	.20	\$70.00	MVI
18-May-23	To conference client;	.20	\$70.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
19-May-23	To correspondence with warehouse;	.20	\$70.00	MVI
23-May-23	To correspondence with client;	.20	\$70.00	MVI
23-May-23	To various correspondence with landlord;	.30	\$105.00	MVI
23-May-23	To correspondence from landlord;	.20	\$70.00	MVI
23-May-23	To follow with warehouse company;	.20	\$70.00	MVI
23-May-23	To correspondence with landlord;	.20	\$70.00	MVI
23-May-23	To conference client;	.20	\$70.00	MVI
24-May-23	To various correspondence with client; to request Corporate Profile; to review corporate profile;	.50	\$175.00	MVI
24-May-23	To obtain profile report;	.10	\$20.00	ORA
24-May-23	To conference landlord; to call to warehouse;	.40	\$140.00	MVI
24-May-23	To correspondence with landlord;	.20	\$70.00	MVI
24-May-23	To conference client;	.20	\$70.00	MVI
24-May-23	To correspondence re: access;	.20	\$70.00	MVI
24-May-23	To correspondence with warehouse manager;	.20	\$70.00	MVI
24-May-23	To review lease;	.30	\$105.00	MVI
25-May-23	To correspondence with client;	.20	\$70.00	MVI
25-May-23	To various correspondence with client re: warehouse;	.20	\$70.00	MVI
26-May-23	To various correspondence re: inventory;	.20	\$70.00	MVI
26-May-23	To organize file;	.30	\$43.50	IST
26-May-23	To draft Opinion Letter;	.60	\$87.00	IST
31-May-23	To various correspondence re: inventory;	.20	\$70.00	MVI
2-Jun-23	To obtain PPSA search;	.10	\$20.00	ORA
2-Jun-23	To correspondence re: sublet;	.20	\$70.00	MVI
2-Jun-23	To obtain PPSA search;	.10	\$14.50	IST
2-Jun-23	To finalize Opinion Letter;	.30	\$43.50	IST
5-Jun-23	To correspondence from landlord;	.20	\$70.00	MVI
5-Jun-23	To update Opinion Letter;	.20	\$29.00	IST
6-Jun-23	To correspondence from client;	.10	\$35.00	MVI
7-Jun-23	To correspondence re: landlord;	.10	\$35.00	MVI
7-Jun-23	To conference client;	.20	\$70.00	MVI
26-Jun-23	To various correspondence re: BDC;	.30	\$105.00	MVI
5-Jul-23	To correspondence with client;	.20	\$70.00	MVI
5-Jul-23	To request date;	.20	\$70.00	MVI

DATE	DESCRIPTION	HOURS	AMOUNT	LAWYER
5-Jul-23	To commercial list request form;	.20	\$70.00	MVI
5-Jul-23	To email request form;	.20	\$29.00	IST
5-Jul-23	To draft request form and email;	.30	\$43.50	IST
18-Jul-23	To obtain profile report;	.10	\$20.00	ORA
18-Jul-23	To draft Asset Purchase Agreement	2.40	\$516.00	JDI
18-Jul-23	To draft motion materials re sale approval and discharge	1.70	\$365.50	JDI
19-Jul-23	To draft and revise asset purchase agreement	1.50	\$322.50	JDI
19-Jul-23	To draft fee affidavit and draft orders	1.00	\$215.00	JDI
	Total Fees:		\$ 5,409.00	
	Plus GST:		0.00	
	Plus HST:		<u>703.17</u>	
	Total Fees (INCL TAX)			\$ <u>6,112.17</u>

FEE SUMMARY:

LAWYER	HOURS	RATE	AMOUNT
Melinda Vine	10.40	\$350.00	\$3,640.00
Jason DiFruscia	6.60	\$215.00	\$1,419.00
Olivia Rajsp	.30	\$200.00	\$60.00
Isabelle Stacey	2.00	\$145.00	\$290.00

NON-TAXABLE DISBURSEMENTS

Government Filing Fees	<u>\$16.00</u>
Total Non-Taxable Disbursements:	16.00

TAXABLE DISBURSEMENTS

Entity Profile Report	16.95
PPSA	29.05
Total Taxable Disbursements:	\$ 46.00
Plus GST:	0.00
Plus HST:	<u>5.98</u>
Total Disbursements (INCL TAX)	\$ <u>67.98</u>

TOTAL DUE & OWING **\$ 6,180.15**

THIS IS OUR ACCOUNT HEREIN

HARRISON PENZA LLP

Per: _____
Melinda Vine

E. & O.E.

**Harrison Pensa LLP is a registered payee with most Canadian banks.
Payment can be made online through your bank's website or mobile app.**

GST / HST REGISTRATION NO: R867630543

Interest of 4.8% is charged based on the Courts of Justice Act at time of billing on all invoices over 30 days

**TERMS: DUE UPON RECEIPT
Cheque, Mastercard and VISA also accepted.**

Please make cheque payable to:
HARRISON PENZA LLP, 130 Dufferin Ave., Suite 1101, P.O. Box 3237, London ON N6A 4K3

ROYAL BANK OF CANADA

v.

VELLEND-TECH INC., *et al.*

Plaintiff

Defendants

Court File No. CV-23-00698375-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at TORONTO

AFFIDAVIT OF JASON DIFRUSCIA

Harrison Pensa ^{LLP}
Barristers and Solicitors
130 Dufferin Avenue, Suite 1101
London, Ontario N6A 5R2

Melinda Vine (LSO #53612R)

Tel: (519) 679-9660

Fax: (519) 667-3362

Lawyers for the Receiver, msi Spergel inc.

APPENDIX 5

Estate No: 31-459566

**In the Matter of the Receivership of Vellend-Tech Inc.
Receiver's Statement of Receipts and Disbursements
As at July 19, 2023**

RECEIPTS

1	Miscellaneous		
	Accounts Receivable	\$	10,524.36
	Advance from Secured Creditor		40,000.00
	Interest Allocation		0.73
TOTAL RECEIPTS			50,525.09

DISBURSEMENTS

2.	Federal and Provincial taxes		
	HST paid on Ascend License Fee		42.25
	HST paid on Disbursements Exclusive of Fees		1,247.84
			1,290.09
3.	Miscellaneous		
	Appraisal Fees		5,000.00
	Ascend License Fee		325.00
	Change Locks		
	Computer Services		
	Filing Fees Paid to O/R		75.30
	Insurance		1,789.56
	Redirection of Mail		182.00
	Stock Taking		690.75
	Storage		3,726.00
	Travel		412.42
			12,201.03
TOTAL DISBURSEMENTS			13,491.12
Net Receipts over Disbursements			37,033.97
			E&OE

ROYAL BANK OF CANADA

v.

VELLEND-TECH INC. *et al.*

Plaintiff

Defendants

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

FIRST REPORT OF THE RECEIVER

HARRISON PENZA ^{LLP}
Barristers & Solicitors
130 Dufferin Avenue, Suite 1101
London, Ontario N6A 5R2

Melinda Vine (LSO #53612R)

Tel : (519) 679-9660
Fax: (519) 667-3362
Email: mvine@harrisonpensa.com

Lawyers for the Receiver,
msi Spergel inc.

ROYAL BANK OF CANADA

v.

VELLEND-TECH INC. *et al.*

Plaintiff

Defendants

Court File No. CV-23-00698375-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO, ONTARIO

MOTION RECORD OF THE RECEIVER

HARRISON PENZA ^{LLP}
Barristers & Solicitors
130 Dufferin Avenue, Suite 1101
London, Ontario N6A 5R2

Melinda Vine (LSO #53612R)

Tel : (519) 679-9660
Fax: (519) 667-3362
Email: mvine@harrisonpensa.com

Lawyers for the Receiver,
msi Spergel inc.