

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**MOTION RECORD
(Returnable August 3, 2018)**

Date: July 25, 2018

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INDEX

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INDEX

TAB	DOCUMENT	PAGES
1	Notice of Motion returnable August 3, 2018	1-7
2	Draft Receivership Order	8-24
3	Blackline to Model Order	25-44
4	First Report of msi Spergel inc. dated July 24, 2018	45-56
Appendix 1	Interim Receivership Order of the Honourable Justice Hainey dated July 4, 2018	57-68
Appendix 2	Engagement Letter dated June 4, 2018	69-71
Appendix 3	Inventory listing containing list of vehicles listed on the Company's Kijiji.ca listing	72-73
Appendix 4	Corporation Profile Report of 2596319 Ontario Inc. and Assignment Agreement	74-88
Appendix 5	Transcript of Hossein's examination, Share Purchase Agreement dated March 2, 2018 and Resignation	89-256

TAB	DOCUMENT	PAGES
	dated March 2, 2018	
	Appendix 6 Letters to Chartreuse Bancorp Inc. dated July 6, 2018 and July 17, 2018	257-302
	Appendix 7 Letter to Blaney McMurtry LLP dated July 19, 2018 together with the Interim Receivership Order of the Honourable Justice Hainey dated July 4, 2018	303-343
5	Affidavit of Kevin Leung sworn July 3, 2018 (without appendices)	344-353
6	Affidavit of Kevin Leung sworn July 25, 2018	354-358
	Exhibit "A" Order of the Honourable Justice Hainey dated July 4, 2018	359-371
	Exhibit "B" Corporation Profile Report of 2236715 Ontario Limited o/a Luxury and Sports Cars as at May 11, 2018 and July 24, 2018	372-382
7	Consent of msi Spergel inc. to act as receiver	383

TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
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BETWEEN:

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COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**NOTICE OF MOTION
(returnable August 3, 2018)**

Royal Bank of Canada ("RBC") will make a motion to a judge presiding over the Commercial List on Friday, August 3, 2018 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

1. **THE MOTION IS FOR** an Order, among other things:
 - (a) if necessary, abridging the time for service and filing of this notice of motion and the motion record or, in the alternative, dispensing with same;
 - (b) approving the First Report of msi Spergel inc. ("**Spergel**") dated July 24, 2018 (the "**First Report**") and the activities of Spergel set out therein;

- (c) discharging Spergel as interim receiver (in such capacity, the “**Interim Receiver**”) of 2236715 Ontario Limited o/a Luxury and Sports Cars (the “**Debtor**”);
- (d) appointing Spergel as 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 (in such capacity, the “**Receiver**”); and
- (e) such further and other relief as counsel may advise and this Court may permit.

2. **THE GROUNDS FOR THE MOTION ARE:**

- (a) the Debtor is a corporation incorporated pursuant to the laws of the Province of Ontario;
- (b) the Debtor is currently indebted to RBC with respect to certain credit facilities (the “**Credit Facilities**”) granted by RBC pursuant to and under the terms of: (i) a letter agreement dated May 28, 2013 and accepted June 10, 2013 (as may have been amended, replaced, restated or supplemented from time to time, the “**Credit Agreement**”); and (ii) a VISA business card agreement dated June 17, 2013 (together with the Credit Agreement, the “**Credit Agreements**”);
- (c) as security for its obligations to RBC, the Debtor provided security in favour of RBC, including, without limitation, a General Security Agreement dated June 10, 2013 (the “**Security**”), registration of which was duly made pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”);
- (d) RBC has also made separate registrations pursuant to the PPSA against certain specific motor vehicles which are covered by the Security;
- (e) the obligations of the Debtor to RBC were guaranteed by Hossein Totonchian and Tana Totonchian (together, the “**Guarantors**”) pursuant to and under the terms of a Guarantee and Postponement of Claim dated June 10, 2013, limited to the sum of \$490,000.00, together with interest thereon from the date of demand for

payment at a rate equal to RBC's prime interest rate plus five percent (5.0%) (the "**Guarantee**");

- (f) the Debtor is in default of its obligations to RBC under the Credit Agreements in that, among other things, the Debtor has continually failed to honour its reporting covenants to RBC;
- (g) as of April 9, 2018, the total indebtedness of the Debtor to RBC amounted to approximately \$450,284.84 in principal and interest, plus accruing interest and any all recovery costs and expenses, including, without limitation, RBC's legal and other professional fees (collectively, the "**Indebtedness**");
- (h) by letters dated April 10, 2018, RBC made demand on each of the Debtor and the Guarantors for payment of the Indebtedness. The Debtor and the Guarantors have refused or neglected to pay these amounts;
- (i) RBC, the Debtor, and the Guarantors entered into a forbearance agreement dated May 11, 2018 (the "**Forbearance Agreement**");
- (j) pursuant to the Forbearance Agreement, the Debtor executed a consent to the immediate private or court-appointment of an interim receiver, receiver or receiver and manager (the "**Secured Consent**"), to be held in escrow by RBC's counsel and used in the event of termination of the Forbearance Period (as defined in the Forbearance Agreement) if RBC is not repaid in full. The Secured Consent is effective immediately upon its execution and delivery to RBC, notwithstanding any failure by the Debtor to fulfill any conditions precedent specified in the Forbearance Agreement;
- (k) the Forbearance Agreement contained one substantive condition precedent, namely, a requirement that the Debtor to provide RBC with a margin report as at the close of business on each of December 31, 2017, and March 31, 2018. The Debtor failed to deliver the required margin report, and accordingly, RBC's obligation to forbear from enforcing its rights and remedies pursuant to the Forbearance Agreement was never engaged;

- (l) in light of the Debtor's failure to deliver the required margin report, on or about June 4, 2018, with the consent of the Debtor, RBC engaged Spergel as a consultant (in such capacity, the "**Consultant**") to, among other things, review and report to RBC with regard to the Debtor's financial and operational performance, and to evaluate RBC's security position;
- (m) on or about June 15, 2018, which date was selected in consultation with the Debtor, the Consultant attended at the Debtor's premises to carry out its mandate. At that attendance, the Consultant discovered that substantially all of the Debtor's personal property (i.e. the used cars that form substantially all of the Debtor's inventory) had been removed from the premises, effectively defeating the enforcement of RBC's rights and remedies under the Security;
- (n) pursuant to an order of this Court dated July 4, 2018 (the "**Interim Receivership Order**"), Spergel was appointed as Interim Receiver;
- (o) following the Interim Receiver's appointment, RBC has learned, among other things, that the Debtor failed to disclose to RBC material changes in the Debtor's ownership and the identities of its officers and directors, during a time period in which the Debtor was negotiating its lending arrangements with RBC;
- (p) the Interim Receiver has filed with the Court its First Report outlining, among others things: (i) the actions of the Interim Receiver since its appointment; and (ii) its findings and concerns relative to the Debtor's business and its principals;
- (q) given the information contained in the First Report, the various security interests in the assets of the Debtor and the nature of the collateral, RBC believes that the appointment of Spergel as Receiver will enhance the prospect of recovery by RBC and protect all stakeholders;
- (r) the other grounds set out in the affidavits of Kevin Leung sworn July 3, 2018 (the "**First Leung Affidavit**") and July 25, 2018 (the "**Second Leung Affidavit**");
- (s) in the circumstances, it is just and equitable that a receiver be appointed;

- (t) Spergel is a licensed trustee in bankruptcy and is familiar with the circumstances set out above;
- (u) Spergel has consented to being appointed as Receiver;
- (v) section 47 and subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
- (w) section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43;
- (x) rules 1.04, 2.03, 3.02, 37 and 41 of the *Rules of Civil Procedure*; and
- (y) such further and other grounds as counsel may advise and this Court may permit.

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

- (a) the First Report;
- (b) the First Leung Affidavit;
- (c) the Second Leung Affidavit;
- (d) the consent of Spergel to act as Receiver of the Debtor; and
- (e) such further and other material as counsel may submit and this Court may permit.

Date: July 25, 2018

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TO: ATTACHED SERVICE LIST

ROYAL BANK OF CANADA

- and -

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS

Applicant

Respondent

Court File No. CV-18-00600821-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceedings commenced at Toronto

NOTICE OF MOTION
(returnable August 3, 2018)

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TAB 2

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	FRIDAY, THE 3 rd DAY
)	
JUSTICE)	OF AUGUST, 2018

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -


**2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS**

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**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

ORDER

THIS MOTION, made by Royal Bank of Canada (“RBC”), for an Order, *inter alia*, pursuant to subsection 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”), discharging msi Spergel inc. (“Spergel”) as interim receiver (in such capacity, the “Interim Receiver”) of 2236715 Ontario Limited o/a Luxury and Sports Cars (the “Debtor”), and appointing Spergel as receiver (in such capacity, the “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, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Kevin Leung sworn July 3, 2018 and the exhibits thereto (the "**First Leung Affidavit**"), the affidavit of Kevin Leung sworn July 25, 2018 and the exhibits thereto (the "**Second Leung Affidavit**"), the First Report of the Interim Receiver dated July 24, 2018 (the "**First Report**"), the consent of Spergel to act as the Receiver, and on hearing the submissions of counsel for RBC, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of  sworn July 25, 2018, filed,

SERVICE

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

DISCHARGE OF INTERIM RECEIVER AND APPOINTMENT OF RECEIVER

2. **THIS COURT ORDERS** that the First Report and the activities of the Interim Receiver, as set out in the First Report, be and are hereby approved.

3. **THIS COURT ORDERS** that Spergel be discharged as Interim Receiver of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Debtor's business, provided, however, that notwithstanding its discharge herein: (a) the Interim Receiver shall remain Interim Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein; and (b) the Interim Receiver shall continue to have the benefit of the provisions of all Orders made in these proceedings, including, without limitation, all approvals, protections and stays of proceedings in favour of Spergel in its capacity as Interim Receiver.

4. **THIS COURT ORDERS** that pursuant to subsection 243(1) of the BIA and section 101 of the CJA, Spergel 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

5. **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, protect and maintain control of 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 \$75,000, provided that the aggregate consideration for all such transactions does not exceed \$750,000; 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* or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;
- (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 conduct examinations, if deemed necessary, including, without limitation, an examination of Hossein Totonchian, Tana Totonchian, Ardavan Khavari, and Mohammad Moradi;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) 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;
- (q) to make an assignment in bankruptcy on behalf of the Debtor if it deems appropriate, in its sole discretion;
- (r) 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;
- (s) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (t) 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

6. **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.

7. **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 7 or in paragraph 8 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.

8. **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.

9. **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

10. **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

11. **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

12. **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

13. **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

14. **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 are 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

15. **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

16. **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 subsection 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 subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

17. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and any other applicable provincial privacy legislation, 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

18. **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

19. **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, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 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

20. **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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

21. **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.

22. **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

23. **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 (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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. **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.

25. **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.

26. **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

27. **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/eservice-commercial/>) 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: <http://www.spergel.ca/luxurycars/>.

28. **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

29. **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.

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

31. **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.

32. **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.

33. **THIS COURT ORDERS** that the Applicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant'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.

34. **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 msi Spergel inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "**Debtor**") 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 3rd day of August, 2018 (the "**Order**") made in an application bearing Court file number CV-18-00600821-00CL, 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 (as defined in the Order), 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 defined in the Order) 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 _____, 2018.

MSI SPERGEL INC., solely in its capacity as
Receiver of the Property (as defined in the Order),
and not in its personal or corporate capacity

Per: _____

Name:

Title:

ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS
CARS**

Respondent

Court File No. CV-18-00600821-00CL

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

Proceedings commenced at Toronto

RECEIVERSHIP ORDER

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Lawyers for Royal Bank of Canada

TAB 3

Revised: January 21, 2014
~~s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver~~

Court File No. ~~CV-18-00600821-00CL~~

**ONTARIO
 SUPERIOR COURT OF JUSTICE
 COMMERCIAL LIST**

THE HONOURABLE _____)	WEEKDAY
JUSTICE _____)	FRIDAY, THE #3 rd
)	DAY OF MONTH, 20YR
JUSTICE _____)	OF AUGUST, 2018

PLAINTIFF¹

Plaintiff

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

DEFENDANT

Defendant

2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE BANKRUPTCY AND
 INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
 COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

¹ The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.

ORDER
(appointing Receiver)

THIS MOTION, made by the Plaintiff Royal Bank of Canada ("RBC"), for an Order, *inter alia*, pursuant to sections subsection 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 [RECEIVER'S NAME] as receiver [and manager] "CJA"), discharging msi Spergel inc. ("Spergel") as interim receiver (in such capacity, the "Interim Receiver") of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "Debtor"), and appointing Spergel as receiver (in such capacitiescapacity, the "Receiver"), without security, of all of the assets, undertakings and properties of [DEBTOR'S NAME] (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 [NAME] Kevin Leung sworn [DATE] and the Exhibits thereto July 3, 2018 and the exhibits thereto (the "First Leung Affidavit"), the affidavit of Kevin Leung sworn July 25, 2018 and the exhibits thereto (the "Second Leung Affidavit"), the First Report of the Interim Receiver dated July 24, 2018 (the "First Report"), the consent of Spergel to act as the Receiver, and on hearing the submissions of counsel for [NAMES] RBC, no one appearing for [NAME] any other person on the service list, although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of [RECEIVER'S NAME] to act as the Receiver, [REDACTED] sworn July 25, 2018, filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion and filing of the notice of motion and the motion record is hereby abridged and validated³ so that this motion is properly returnable today and hereby dispenses with further service thereof.

DISCHARGE OF INTERIM RECEIVER AND APPOINTMENT OF RECEIVER

² Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

³ If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.

2. THIS COURT ORDERS that the First Report and the activities of the Interim Receiver, as set out in the First Report, be and are hereby approved.

3. THIS COURT ORDERS that Spergel be discharged as Interim Receiver of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Debtor's business, provided, however, that notwithstanding its discharge herein: (a) the Interim Receiver shall remain Interim Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein; and (b) the Interim Receiver shall continue to have the benefit of the provisions of all Orders made in these proceedings, including, without limitation, all approvals, protections and stays of proceedings in favour of Spergel in its capacity as Interim Receiver.

4. 2. THIS COURT ORDERS that pursuant to sections ~~section~~ subsection 243(1) of the BIA and section 101 of the CJA, [RECEIVER'S NAME] Spergel 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

5. 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~~ and maintain control of 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.⁴ 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;

⁴ This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.

- (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 \$75,000, provided that the aggregate consideration for all such transactions does not exceed \$750,000; 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;⁵

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*,⁴ or section 31 of the Ontario *Mortgages Act*, as the case may be,⁵ shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply;

- (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 conduct examinations, if deemed necessary, including, without limitation, an examination of Hossein Totonchian, Tana Totonchian, Ardavan Khavari, and Mohammad Moradi;

⁵ If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.

- (o) ~~(n)~~ to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) ~~(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;
- (q) to make an assignment in bankruptcy on behalf of the Debtor if it deems appropriate, in its sole discretion;
- (r) ~~(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;
- (s) ~~(q)~~ to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (t) ~~(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

6. ~~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.

7. ~~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~~7 or in paragraph ~~6~~8 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.

8. ~~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.

9. ~~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

10. ~~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

11. ~~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

12. ~~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

13. ~~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

14. ~~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 are 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

15. ~~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

16. ~~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 ~~sections~~subsection 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~~subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

17. ~~15.~~ **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act* and any other applicable provincial privacy legislation, 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

18. ~~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

19. ~~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, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under ~~sections~~subsections 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

20. ~~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~~subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.⁶

⁶ Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".

21. ~~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.

22. ~~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

23. ~~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 (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~~ subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

24. ~~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.

25. ~~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.

26. ~~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

27. ~~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/>~~~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>~~) shall be valid and effective service. Subject to Rule ~~17.05~~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: ~~<http://www.spergel.ca/luxurycars/>~~.

28. ~~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

29. ~~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.

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

31. ~~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.

32. ~~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.

33. ~~31.~~ **THIS COURT ORDERS** that the PlaintiffApplicant shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the PlaintiffApplicant's security or, if not so provided by the PlaintiffApplicant'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.

34. ~~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.

[REDACTED]

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. **THIS IS TO CERTIFY** that ~~[RECEIVER'S NAME]~~ msi Spergel inc., the receiver (the **"Receiver"**) of the assets, undertakings and properties ~~[DEBTOR'S NAME]~~ of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "Debtor") 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 3rd day of August, 2018 (the **"Order"**) made in an ~~action~~ having application bearing Court file number CL CV-18-00600821-00CL, 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 (as defined in the Order), 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 defined in the Order) 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 _____, 2018.

~~[RECEIVER'S NAME]~~ MSL SPERGEL INC.,
solely in its capacity as Receiver of the Property,
(as defined in the Order), and not in its personal or
corporate capacity

Per: _____

Name: _____

Title: _____

ROYAL BANK OF CANADA**- and -****2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS
CARS****Applicant****Respondent****Court File No. CV-18-00600821-00CL****ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST****Proceedings commenced at Toronto****RECEIVERSHIP ORDER****AIRD & BERLIS LLP****Barristers and Solicitors****Brookfield Place****181 Bay Street, Suite 1800****Toronto, ON M5J 2T9****Ian Aversa (LSO # 55449N)****Tel: (416) 865-3082****Fax: (416) 863-1515****E-mail: iaversa@airdberlis.com****Miranda Spence (LSO # 60621M)****Tel: (416) 865-3414****Fax: (416) 863-1515****E-mail: mspence@airdberlis.com****Lawyers for Royal Bank of Canada**

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Document comparison by Workshare Compare on July-25-18 11:17:05 AM

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Moved to	0

TAB 4

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS

Respondent

**FIRST REPORT OF MSI SPERGEL INC.
IN ITS CAPACITY AS THE COURT-APPOINTED INTERIM RECEIVER OF
2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS CARS**

July 24, 2018

TABLE OF CONTENTS

1.0	APPOINTMENT	Page 2
2.0	PURPOSE OF THIS REPORT AND DISCLAIMER	Page 2
3.0	BACKGROUND	Page 3
4.0	ACTIONS OF THE INTERIM RECEIVER UPON APPOINTMENT	Page 4
5.0	CONCLUSIONS AND RECOMMENDATIONS	Page 9

APPENDICES

1. Interim Receivership Order of the Honourable Justice Hainey dated July 4, 2018
2. Engagement Letter dated June 4, 2018
3. Inventory listing containing list of vehicles listed on the Company's Kijiji.ca listing
4. Corporation Profile Report of 2596319 Ontario Inc. and Assignment Agreement
5. Transcript of Hossein's examination, Share Purchase Agreement dated March 2, 2018 and and Resignation dated March 2, 2018
6. Letters to Chartreuse Bancorp Inc. dated July 6, 2018 and July 17, 2018
7. Letter to Blaney McMurtry LLP dated July 19, 2018 together with the Interim Receivership Order of the Honourable Justice Hainey dated July 4, 2018

1.0 APPOINTMENT

- 1.0.1 This report (this "**Report**") is filed by msi Spergel inc. ("**Spergel**") in its capacity as the Court-appointed interim receiver (in such capacity, the "**Interim Receiver**") of 2236715 Ontario Limited o/a Luxury and Sports Cars ("**Luxury Cars**" or the "**Company**").
- 1.0.2 Luxury Cars is a corporation incorporated pursuant to the laws of the Province of Ontario and carried on business as a used vehicle dealership. Luxury Cars operates from leased premises located at 4160 Steeles Avenue West, Woodbridge, Ontario (the "**Premises**").
- 1.0.3 Spergel was appointed as the Interim Receiver, without security, of all of the assets, undertakings and properties of the Company (collectively, the "**Property**") by Order of the Honourable Mr. Justice Hailey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made July 4, 2018 (the "**Appointment Order**"). The Appointment Order was obtained on the application of the Company's senior secured creditor, Royal Bank of Canada ("**RBC**" or the "**Bank**"). Attached as **Appendix "1"** to this Report is a copy of the Appointment Order.

2.0 PURPOSE OF THIS REPORT AND DISCLAIMER

- 2.0.1 The purpose of this Report is to advise the Court as to the steps taken by the Interim Receiver in these proceedings and to seek Orders from this Court:
- (a) approving this Report and the actions of the Interim Receiver described herein; and
 - (b) such further and other relief as this Court deems just.

- 2.0.2 The Interim 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 Report for any other purpose.
- 2.0.3 In preparing this Report, the Interim Receiver has relied upon certain information extracted from the Company's website and other external sources. The Interim 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 Interim Receiver expresses no opinion or other form of assurance with respect to such information.
- 2.0.4 All references to dollars in this Report are in Canadian currency unless otherwise noted.

3.0 **BACKGROUND**

- 3.0.1 Pursuant to an engagement letter dated June 4, 2018 (the "**Engagement Letter**") and prior to the issuance of the Appointment Order, Spergel was engaged by RBC (with the consent of the Company) as consultant (in such capacity, the "**Consultant**") to, among other things, review and report on the financial performance of the Company and evaluate the Bank's security position and the Company's future prospects and viability. Attached as **Appendix "2"** to this Report is a copy of the Engagement Letter.
- 3.0.2 Spergel, upon its appointment as the Consultant, communicated with Hossein Totonchian ("**Hossein**"), the principal of Luxury Cars, to schedule a site visit to the Premises. The Consultant attended at the Premises on June 15, 2018, on the consent of Hossein, and noted that substantially all of the Property had been removed from the Premises. The Consultant met with an employee of Luxury Cars, Habib Taghikhani ("**Habib**"), who

advised the Consultant that all of the vehicles owned by Luxury Cars had purportedly been sold, however, he was not able to identify the purported purchasers of the vehicles.

- 3.0.3 Subsequent to its visit to the Premises, the Consultant reviewed the Company's website and its listings on autotrader.ca, and noted that the Company had deactivated the inventory section on its website and had removed all of its listings from autotrader.ca. However, the Consultant was able to find the Company's listing on Kijiji.ca and prepared an inventory listing based on the vehicles listed on Kijiji.ca (the "Inventory Listing"). The Consultant was also able to identify the VIN numbers of the majority of the vehicles that were listed on the Company's Kijiji.ca listing.

4.0 ACTIONS OF THE INTERIM RECEIVER UPON APPOINTMENT

- 4.0.1 A copy of the Appointment Order was provided to the Company by RBC's counsel.
- 4.0.2 Immediately upon the granting of the Appointment Order, the Interim Receiver attended at the Premises. During its attendance at the Premises, the Interim Receiver noted that the Premises was empty and locked. The Interim Receiver noted that there were three vehicles parked in the outside parking lot of the Premises. The Interim Receiver immediately ordered Used Vehicle Information Packages ("UVIP") for all the vehicles listed on the Inventory Listing. Shortly after the Interim Receiver arrived at the Premises, Habib also arrived at the Premises and advised the Interim Receiver, among other things, that two of the three vehicles parked on the Premises purportedly belonged to a third party, but would not identify that third party. Shortly thereafter, Habib removed the two vehicles from the Premises and declined to advise the Interim Receiver as to where these

vehicles were being transported. The UVIP of one of the two vehicles removed by Habib indicated that its ownership was transferred from Luxury Cars on June 21, 2018.

4.0.3 The UVIP for the vehicles listed on the Inventory Listing indicated that:

- a) ownership of thirteen (13) of the thirty-nine (39) vehicles listed on the Inventory Listing had been transferred from Luxury Cars to various parties in June 2018;
- b) seven (7) of the thirteen (13) vehicles were transferred to Chartreuse Bancorp Inc. ("**Chartreuse**"), which is a related party to the Company. Chartreuse and its relationship with the Company is discussed in greater detail in paragraph 4.0.9 of this Report; and
- c) the combined retail value of the seven (7) vehicles transferred to Chartreuse, as indicated on the Company's Kijiji.ca listing, is approximately \$248,000.

Attached hereto as **Appendix "3"** is the Inventory Listing containing the retail values of the vehicles.

Books and Records and Access to the Premises

4.0.4 As indicated above, upon the Interim Receiver's attendance at the Premises, it noted that the Premises were locked. Accordingly, and in accordance with the Appointment Order, Harrison Pensa LLP, counsel for the Interim Receiver (the "**Interim Receiver's Counsel**"), wrote to Soble, Rickards and Associates, counsel for the Company and Hossein ("**Hossein's Counsel**"), requiring, among other things,

- a) access to the Premises;
- b) information as to the whereabouts of the Property;
- c) access to books and records of the Company; and
- d) Hossein and Tana Totonchian ("**Tana**"), Hossein's wife, to attend at examinations.

4.0.5 Hossein's Counsel advised that Hossein no longer had access to the Premises, and that the Interim Receiver should contact the owner of the Premises, Balfior Investments Inc. (the "**Landlord**"), to obtain access to the Premises. Accordingly, the Interim Receiver's Counsel wrote to the Landlord and requested access to the Premises. The Landlord advised that it was not able to provide access to the Interim Receiver, as the lease agreement dated July 16, 2012 between Luxury Cars and the Landlord had purportedly been assigned to 2593619 Ontario Inc. o/a Exeland Financial ("**259**") pursuant to an assignment of lease dated February 15, 2018 (the "**Assignment Agreement**").

4.0.6 The corporation profile report of 259 indicates that, among others, Hossein is a director of 259. Attached as **Appendix "4"** to this Report is a copy of the corporation profile report of 259 and a copy of the Assignment Agreement.

4.0.7 Given that Hossein is a director of 259, the Interim Receiver requested that Hossein provide his consent to the Landlord to provide the Interim Receiver with access to the Premises. On July 10, 2018, the Interim Receiver was provided access to the Premises. During its attendance at the Premises, the Interim Receiver noted that all of the books and records

of the Company had been removed from the Premises, and there remained only three computers, which the Interim Receiver took in its possession. Subsequently, the Interim Receiver's Counsel wrote to Hossein's Counsel advising that no books and records were present at the Premises, and requiring Hossein to provide the books and records with no further delays. Hossein's Counsel advised that Hossein would provide the books and records of the Company in his possession at his examination scheduled for July 12, 2018.

Examination of Hossein

4.0.8 On July 12, 2018, the Interim Receiver examined Hossein under oath. During the examination Hossein advised, among other things, that:

- a) on March 2, 2018, pursuant to a share purchase agreement (the **"Share Purchase Agreement"**) the Hossein Totonchian 2012 Family Trust had sold 100 common shares of Luxury Cars (being all of the issued and outstanding shares of Luxury Cars) to Chartreuse for consideration of \$100;
- b) in connection with the sale, Hossein had resigned as an officer of Luxury Cars by way of a resignation dated March 2, 2018 (the **"Resignation"**);
- c) no valuation of Luxury Cars was obtained prior to entering into the Share Purchase Agreement;
- d) all of the books and records of the Company post the Share Purchase Agreement are in the possession of Chartreuse and/or its principals Ardavan Khavari (**"Khavari"**) and Mohammad Moradi (**"Moradi"**); and

- e) Blaney McMurtry LLP ("**Blaney**") represented Chartreuse in relation to the Share Purchase Agreement;

Attached hereto as **Appendix "5"** to this Report, is a copy of the transcript of the examination of Hossein, together with the Share Purchase Agreement and the Resignation.

Chartreuse Bancorp Inc.

4.0.9 Prior to the examination of Hossien, on July 6, 2018, the Interim Receiver's Counsel wrote to Chartreuse regarding the transfer of at least seven (7) of the Company's vehicles to Chartreuse and requiring, among other things, Chartreuse to provide:

- a) documents evidencing the transfer of seven (7) vehicles from Luxury Cars to Chartreuse, including, but not limited to, all supporting documents, Bills of Sale issued by Luxury Cars to Chartreuse, and evidence of payment of the purchase price by Chartreuse to the Company; and
- b) all security agreements as between Chartreuse and the Company.

4.0.10 The Interim Receiver did not receive a response to its July 6, 2017 letter to Chartreuse.

4.0.11 Following the examination of Hossein, the Interim Receiver's Counsel wrote to Chartreuse on July 17, 2018 requiring that Chartreuse respond to the July 6, 2018 letter and provide to the Interim Receiver all books and records of the Company.

Attached hereto as **Appendix “6”** to this Report, are copies of the letters to Chartreuse.

4.0.12 In addition, the Interim Receiver’s Counsel wrote to Blaney on July 19, 2018 and asked that Blaney provide all of the books and records of the Company in its possession. Interim Receiver’s Counsel further requested that Blaney confirm that it is counsel for Chartreuse, Khavari and Moradi, and that the Interim Receiver may direct further correspondence related to Luxury Cars to Blaney. Attached as **Appendix “7”** to this Report is a copy of the letter to Blaney.

4.0.13 In addition, the Interim Receiver scheduled examinations under oath for both Kharvi and Moradi to be held on July 25, 2018.

4.0.14 On July 23, 2018, the Interim Receiver received certain books and records of Luxury Cars from Blaney. The Interim Receiver is currently in the process of reviewing the information provided by Blaney.

5.0 CONCLUSIONS AND RECOMMENDATIONS

5.0.1 Given the Interim Receiver’s findings above, it is the Interim Receiver’s view that certain assets of Luxury Cars, over which RBC has or may have security, were transferred to Chartreuse.

5.0.2 In addition, Chartreuse now owns the shares of Luxury Cars. It appears that Chartreuse and Luxury Cars were dealing with each other at non-arm’s length. As such, further investigation and inquiries into the affairs of Luxury Cars and Chartreuse is warranted.

5.0.3 It is the Interim Receiver’s understanding that RBC intends to bring a motion, among other things, to appoint Spergel as a Court-appointed receiver in relation to the assets and undertakings of Luxury Cars. Should

this Court grant a receivership in relation to the assets and undertakings of Luxury Cars, Spergel consents to its appointment as receiver and has provided a signed consent to RBC.

5.0.4 The Interim Receiver respectfully requests that this Court grant an Order approving this Report and the actions of the Interim Receiver described herein.

Dated at Toronto this 24th day of July, 2018.

msi Spergel inc.,
solely in its capacity as court-appointed
Interim Receiver of 2236715 Ontario Limited
o/a Luxury and Sports Cars and not in its
personal or corporate capacity

Per:



Mukul Manchanda, CIRP, LIT
Principal

TAB 1

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

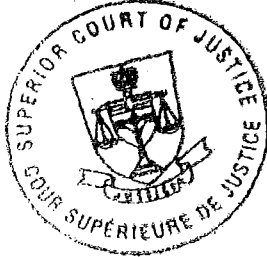
JUSTICE HAINES

)
)
)

WEDNESDAY, THE 4th

DAY OF JULY, 2018

BETWEEN:



ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

ORDER

THIS APPLICATION, made by Royal Bank of Canada ("RBC"), for an Order, *inter alia*, pursuant to subsection 47(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. ("Spergel") as interim receiver (in such capacity, the "Interim Receiver"), without security, of all of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "Debtor") acquired for, or used in relation to the Debtor's business, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Kevin Leung sworn July 3, 2018 and the exhibits thereto (the "Leung Affidavit"), the consent of Spergel to act as the Interim Receiver, and on hearing the submissions of counsel for RBC, no one appearing for any other person on the service list, although served as appears from the affidavit of service of Diana McMillen sworn July 3rd, 2018, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to subsection 47(1) of the BIA and section 101 of the CJA, Spergel is hereby appointed *Interim 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**") until the earlier of:

- (a) the taking of possession by a receiver, within the meaning of subsection 243(2) of the BIA, of the Property;
- (b) the taking of possession by a trustee in bankruptcy of the Property; and
- (c) August 3, 2018.

INTERIM RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Interim 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 Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:

- (a) to monitor the Debtor's receipts and disbursements, including, without limitation, the right to access all information relating to the Debtor's accounts or finance activities at any financial institution;
- (b) to 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 investigate and prepare a financial report as to the operations of the Debtor which will include the assets, liabilities and disposition of all Property for the twelve (12) month period preceding the date of this Order;
- (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 Interim Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to summarily dispose of the Property that is perishable or likely to depreciate rapidly in value;
- (f) to conduct examinations, if deemed necessary, including, without limitation, an examination of Hussein Totonchian and Tana Totonchian;
- (g) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate on all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable; and
- (h) 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 Interim 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 INTERIM 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 Interim 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 Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver’s request. For greater certainty, the Debtor and/or Hussein Totonchian personally shall immediately provide to the Interim Receiver the information requested by RBC’s counsel by way of its email dated June 25, 2018, addressed to the Debtor’s counsel.

5. **THIS COURT ORDERS** that, upon receiving a request by the Interim Receiver, the Ministry of Transportation, Service Ontario, and/or any other government department, ministry or agency responsible for vehicle registration in any other Province or Territory of Canada, are hereby directed to provide the Interim Receiver with details relating to any transfer of ownership of any of the Property, including, without limitation, the identities of the parties to the transfer, the consideration paid and any other details reasonably incidental thereto.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Interim 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim 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 Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. **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 Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE INTERIM 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 Interim Receiver except with the written consent of the Interim 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 Interim 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 Interim Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Interim 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 Debtor to carry on any business which the Debtor is not lawfully entitled to carry on; (ii) exempt 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 INTERIM 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 Interim 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 are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services, 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 Debtor 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 Debtor, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim 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 Interim 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 Interim 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. The Interim Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Interim Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) and 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* and any other applicable provincial privacy legislation, the Interim 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 Interim 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 Interim 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 Interim 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 Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Interim 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 INTERIM RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 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 Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

INTERIM RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the "**Interim 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 Interim 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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Interim Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Interim 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 Interim 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 normal rates and charges of the Interim Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

SERVICE AND NOTICE

21. **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/eservice-commercial/>) 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: <http://www.spergel.ca/luxurycars/>.

22. **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

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

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

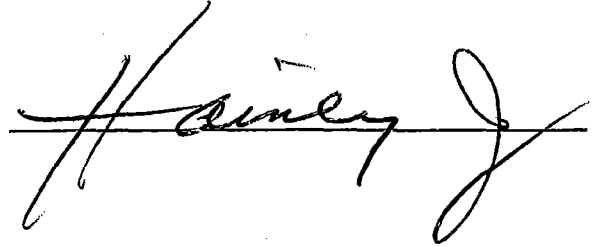
25. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

26. **THIS COURT ORDERS** that the Interim 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 Interim 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.

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

28. **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 Interim 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.

A handwritten signature in black ink, appearing to read "Hainey J.", written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 04 2018

PER / PAR: *RW*

ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS
CARS**

Respondent

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

INTERIM RECEIVERSHIP ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

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Tel: (416) 865-3414
Fax: (416) 863-1515
E-mail: mspence@airdberlis.com

Lawyers for Royal Bank of Canada

TAB 2



RBC
Royal Bank

Kevin Leung
Manager
Special Loans and Advisory Services
222 Bay Street, 24th Floor, Toronto, Ontario
Tel: 416-974-7641

69

June 4, 2018

msi Spergel inc.,
505 Consumers Road, Suite 200
North York, ON M2J 4V8

Attention: Philip H., Gennis, J.D., CIRP, LIT

Dear Sirs:

Re: 2236715 Ontario Limited o/a Luxury and Sports Cars (the "Company")

The purpose of this letter is to set out the terms upon which Royal Bank of Canada (the "Bank") will engage msi Spergel inc. ("MSI") to act on the Bank's behalf as consultant (the "Consultant") to, *inter alia*, review and report on the financial and operational performance of the Company and evaluate the Bank's security position and the Company's future prospects and viability, in accordance with the terms and provisions of this agreement, including, but not limited to, the following:

1. Reviewing and assessing the current financial position of the Company together with an assessment of the current security position of the Bank;
2. Reviewing and analysing the existence and validity of claims against the Company, including liens, potential liens, environmental liabilities, practical priorities and the impact of those priority claims on Company's assets and the Bank's loan and security position;
3. Reviewing and analysing the existence and validity of accounts receivable, including, but not limited to, a review of customer invoices, sales contracts, long-term supply agreements and any and all documentation to support the basis of reported accounts receivable;
4. Reviewing and investigating all other matters, which may affect in any manner whatsoever the security position of the Bank or the ability of the Bank to recover the indebtedness of the Company to the Bank, including all transactions or dealings with related entities; and
5. Providing, based on your findings and in your sole discretion, such recommendations, only to the Bank, as you deem appropriate. For greater certainty, your analysis and recommendation of any issue considered by you in your sole discretion to be relevant to this engagement will not necessarily be subject to the review by the Company.

In so far as your mandate hereunder is concerned, you will not have any managerial capacity or decision-making responsibilities with respect to the business of the Company. We acknowledge that your review and advice will be based mainly on data supplied by the Company, supplemented by discussions with management. We understand that, although all information gathered will be

reviewed for reasonableness, you will not be conducting an audit. Therefore your work will not necessarily disclose any errors, irregularities or illegal acts, if such exist, on the part of the Company or its officers and employees.

Management of the Company has agreed to provide you with the full co-operation of the Company's employees including full access to facilities, assets and records during normal business hours. Management has indicated that it will answer all questions fully and fairly to the best of their ability and knowledge.

Management has agreed to keep you informed of any matters arising that are relevant to your work, and has further confirmed that you are and will remain at liberty to disclose to us any information which you consider relevant to our security and our understanding of the current security position of the Company.

This engagement and your related work should be kept confidential. The explanation that you give to any of the Company's employees who are not aware of your mandate as to the nature of the mandate is a matter for the Company's management to decide and to advise you thereof.

We understand that you will advise us if any situation comes to your attention that would materially affect the terms of this engagement letter.

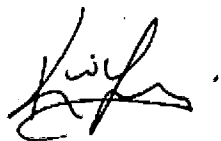
The Company has accepted responsibility for your fees and expenses incurred in carrying out this engagement, failing which we guarantee their prompt payment and will debit the Company's accounts for such fees and expenses. We understand that your fees will be based on the time expended multiplied by the hourly rates and levels of staff involved. You are hereby authorized to use any of your employees or agents, as you consider necessary in your review of the affairs of the business of the Company.

The engagement of a Consultant shall not operate as a waiver or merger of any rights the Bank has under any agreement with the Company, under any consent provided by the Company or under any security granted to the Bank for the indebtedness of the Company to the Bank.

Dated at Toronto this 4th day of June, 2018

Royal Bank of Canada

Per:



Name: Kevin Leung

Title: Manager, Special Loans & Advisory Services

The undersigned duly authorized representative(s) of the Company hereby consent to the terms of this engagement letter and the appointment of msi Spergel inc. on the basis set out herein.

The Company understands and agrees that, notwithstanding the mandate set out herein, the remedies available to the Bank under the terms of its security with the Company remains in full force and effect and that the Bank can take steps to act on that security at any time.

The Company understand that if the Bank decides to enforce any of the security held by it against the Company's assets, the Consultant, or any person or corporation associated with it may, without the Company's consent, be appointed to act as Receiver and Manager of the Company's assets or as agent of the Bank.

The undersigned acknowledges and agrees that the employees and management of the Company will extend to msi Spergel inc. unrestricted access to all of the books and records of the Company. During the course of this engagement, the undersigned acknowledges and agrees that msi Spergel inc. will take no part in the management of the Company's business, for which the sole responsibility remains with the Company.

The undersigned acknowledges and agrees that the Company will be responsible for the prompt payment of the fees and expenses of msi Spergel inc. relating to this engagement and that, if such fees and expenses cannot be paid directly, they will be paid by the Bank and added to the Company's indebtedness.

2236715 Ontario Limited o/a Luxury and Sports Cars

Per:

Hossein Totonchian

Name: Hossein Totonchian

Title: President

msi Spergel inc. hereby consents to this engagement on the basis set out in the letter and agrees to operate within the terms of the engagement.

Per:



Name: Philip H. Gennis, J.D., CIRP, LIT

Title: Senior Principal

TAB 3

Inventory as of June 22, 2018

	Description	Price	VIN	CURRENT REGISTRANT	DATE REGISTERED	PRIOR REGISTRANT	DATE REGISTERED
1	2015 Mercedes-Benz S-Class Celeb Status Brabus Design 550 UL	107,500.00	WDDXJ8FB0FA000639	Mostaghimi Mohammad R. Poor	09-Jun-18	2236715 Ontario Limited	07-Mar-18
2	2015 Mercedes-Benz M-Class LUXURY BLUETEC NAVI/BackUpCam/Bluetooth	41,488.00	4JGDA2EB7FA452675	Chartreuse Bancorp Inc.	08-Jun-18	2236715 Ontario Limited	08-Jun-18
3	2014 Mercedes-Benz CLS-Class Luxury Sedan NAVI/AC/Leather/Sunroof	38,777.00	WDDLJ9BB6EA094485	Chartreuse Bancorp Inc.	08-Jun-18	2236715 Ontario Limited	08-Jun-18
4	2011 Porsche Panamera Clean Title No Accidents/NAVI/Sensors/Bluetooth	36,888.00	WP0AA2A76BL014785	Chartreuse Bancorp Inc.	09-Jun-18	2236715 Ontario Limited	09-Jun-18
5	2013 Mercedes-Benz CLS-Class SNAZZY 4MATIC SUNROOF/NAVI/AC/LEATHER/KEYLESS	36,777.00	WDDLJ9BB7DA063244	2455350 Ontario Inc.	02-Aug-17	2236715 Ontario Limited	29-May-17
6	2016 BMW X3 No Accidents w/NAVI/Bluetooth/ParkAss/BckCam	31,777.00	5UXUWX9C53G0D63101	Chartreuse Bancorp Inc.	11-Jun-18	2236715 Ontario Limited	09-Jan-18
7	2014 BMW 535i No Accidents xDrive w/Sunroof/NAVI/BackUpCam/	30,777.00	WBA5B3C57ED530245	Chartreuse Bancorp Inc.	08-Jun-18	2236715 Ontario Limited	05-Feb-18
8	2012 Audi A5 Luxury Coupe /Sunroof/NAVI/Sensors/Leather	15,488.00	WAULFBFR7CA000599	Ryan E. Tadgell	08-Jun-18	2236715 Ontario Limited	08-Jun-18
9	2014 Mercedes-Benz M-Class Luxury BLUETEC /NAVI/BackUpCam/ParkAssist	39,777.00	4JGDA2EB1EA386851	Chartreuse Bancorp Inc.	08-Jun-18	2236715 Ontario Limited	01-Jan-18
10	2014 Audi S5 Tech /NAVI/ParkAssist/BackUpCam	28,888.00	WAULGBFR7EA039791	Chartreuse Bancorp Inc.	08-Jun-18	2236715 Ontario Limited	08-Jun-18
11	2011 BMW X5 XDrive No Accidents/PanoSunroof/NAVI/Bluetooth	16,899.00	5UXZV4C53BL738429	Jamal W. Ahmed	05-Jun-18	2236715 Ontario Limited	04-Jun-18
12	2012 Audi A4 2.0T Premium BackUpCamara/Sunroof/Leather/AC	14,288.00	WAUBFCFL5CA107339	Farid Kamal, Benel Kamal	21-Jun-18	2236715 Ontario Limited	21-Jun-18
13	2007 Mercedes-Benz E-Class Clean Title No Accidents NAVI/Sunroof/ParkSensors	10,499.00	WDBUF87X37X223568	Filomena Puopolo, Antonio Puopolo	13-Jun-18	2236715 Ontario Limited	13-Jun-18
14	2013 Hyundai Genesis Premium PushStart/Leather/Sunroof/AC/	10,488.00	KMHGC4DD6DU216097	Eric Appiah	13-Jun-18	2236715 Ontario Limited	13-Jun-18
15	2013 Mercedes-Benz C-Class Sporty Chic Beauty/NAVI/Bluetooth/Sunroof +MORE	37,500.00	WDDGJ7HB2DG084805	Adrian Sebastian Novillo Arizala	18-Jan-18	517112 Ontario Limited	08-Dec-17
16	2013 BMW 335i Luxuy XDrive/Sunroof/NAVI/BACKUP/Leather	24,288.00	WBA3B9C53DF140398	Piotr Kowalczyk	22-Jun-18	Autobahn Motors (London) Inc.	22-Jun-18
17	2013 Porsche 911 Super Exotic Upgraded Front GT3 Bumper w/+More	84,888.00	WP0AB2A96DS121049	Mostaghimi Mohammad R. Poor	17-Feb-17	Automania Inc.	17-Feb-17
18	2012 BMW 535i xDrive Navi/Bluetooth/Sunroof/Leather	21,888.00	WBAFU7C57CDU63486	Zarin Auto Limited	14-Jun-18	Chartreuse Bancorp Inc.	10-Nov-17
19	2012 Mercedes-Benz M-Class LUXURIOUS BLUETEC /PanoSunroof/NAVI/DVD/BackUpCam	23,899.00	4JGDA2EB7CA008983	Chartreuse Bancorp Inc.	11-Jun-18	Chehadi Motors Ltd.	22-Dec-17
20	2004 Mercedes-Benz E-Class Upgraded Feature Leather/Sunroof/Keyless/NewBrakes	4,800.00	WDBUF83J24X118002	Christ Embassy Christian Centre	14-Jul-16	Georgios Azelis	14-Jul-16

21	2005 Bentley Continental NAVI/ParkSensors/Bluetooth/	59,888.00	SCBCR63W95C027647	Zarin Auto Limited	14-Sep-17	John A. Craig	24-Feb-05
22	2007 Bentley Continental Flying Spur Luxury Sedan NAVI/Sunroof/BackUpCam/Leather	56,888.00	SCB8R93W47C046199	Vanessa Mohammed	23-Mar-18	Lecos Auto Sales Ltd.	13-Mar-18
23	2008 Mercedes-Benz CLS-Class Executive Drive w/SUNROOF CARBON FIBER ROOFTOP	23,288.00	WDDDJ77X18A126163	John Jalovec	23-Nov-15	Manfred B. Goetz	14-Feb-11
24	2010 Mercedes-Benz CL-Class 4MATIC NAVI/Bluetooth/PushStart/BackUpCam/AC	28,500.00	WDDEJ8GB7AA024029	Lombardi Mechanical (2001) Ltd.	30-Nov-13	Mercedes Benz Canada Inc.	30-Nov-13
25	2014 Mercedes-Benz B-Class Cute Button w/Sunroof, Leather, Keyless +More	14,888.00	WDDMH4EB8EJ269009	Zarin Auto Limited	15-May-18	Mercedes-Benz Financial Services Canada Corp.	19-Apr-18
26	2013 LEXUS GS 350 Luxury Sedan NAVI/AC/Leather/Sunroof	25,888.00	JTHCE1BL2D5004294	Zarin Auto Limited	12-Jun-18	N/A	
27	2014 BMW X3 XDrive28i /SUNROOF/NAVI/Bluetooth/Leather	24,288.00	5UXWX9C50E0D19215	Zarin Auto Limited	24-Nov-17	N/A	
28	2014 BMW 428i xDrive NAVI/BackUpCam/BlueTooth/AC	22,500.00	WBA3N5C51EF716460	Zarin Auto Limited	25-May-17	N/A	
29	2014 Volkswagen Tiguan New AC/Keyless/RainSensor	16,888.00	WVGJV3AX3EW583294	Zarin Auto Limited	02-May-18	N/A	
30	2008 BMW 335i Perfect Starter Car /Keyless/AC/Leather/	9,555.00	WBAVB73578KY63889	Nicole Angela Stephens	26-Jun-15	Planet Auto Trading Inc.	26-Jun-15
31	2013 Bentley Continental Flying Spur LUXURIOUS BLUETEC /PanoSunroof/NAVI/DVD/BackUpCam	109,888.00	SCB8R9ZA5DC081373	Grande National Leasing Inc.	25-May-17	PTC Automotive Ltd.	27-Apr-17
32	2012 Mercedes-Benz M-Class Luxury BLUETEC /NAVI/BackUpCam/ParkAssist	-	4JGDA2EB7CA021104	Rental On-Demand Ltd.	30-May-18	Somerville National Leasing & Rentals Ltd.	22-Dec-14
33	2015 Acura MDX Tech PCK /BackUpCam/7Seater/Sensors/Navi	\$ 33,777.00	5FRYD4H61FB501141	Timothy Edward MacDonald	28-Jun-18	Stop 23 Auto Sales Ltd.	28-Jun-18
34	2013 Mercedes-Benz M-Class DEBONAIR NAVI/ParkAssist/AC/Bluetooth	34,488.00	4JGDA2EB1DA232851	Ivona Canale	19-Jun-18	The Collection of Fine Cars Inc.	19-Jun-18
35	2014 Audi SQ5 S-Line/NAVI/Pano- roof/Bluetooth	31,888.00	WA1LGDFP8EA089963	Kuldip Singh Gill	20-Jun-18	The Collection of Fine Cars Inc.	20-Jun-18
36	2015 Mercedes-Benz CLA-Class Exotic /NAVI/Leather/ParkAssist	27,500.00	WDDSJ4GB8FN175764	F. Dado Gregorio	13-Jun-18	Trillium Auto Group Inc.	11-Jun-18
37	2012 Toyota 4Runner No Accidents /NAVI/ParkAssist/AC/Keyless	30,888.00	JTEBU5JR2C5080296	German Stars Motor Inc.	20-Jun-18	Zarin Auto Limited	09-May-18
38	2014 BMW 328i xDrive LUXURY NAVI/BackUPCam/Leather/Sunroof	23,888.00					
39	2012 Mercedes-Benz C-Class Luxury Coupe NAVI/Sunroof/AC/PowerEverything	19,888.00					

\$ 1,252,350.00

TAB 4

Request ID: 021857992
Transaction ID: 68620629
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/09
Time Report Produced: 08:38:18
Page: 1

74

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date		
2593619	2593619 ONTARIO INC.	2017/08/23		
		Jurisdiction		
		ONTARIO		
Corporation Type	Corporation Status	Former Jurisdiction		
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE		
Registered Office Address		Date Amalgamated	Amalgamation Ind.	
18 DUPONT STREET		NOT APPLICABLE	NOT APPLICABLE	
		New Amal. Number	Notice Date	
TORONTO ONTARIO CANADA M5R 1V2		NOT APPLICABLE	NOT APPLICABLE	
			Letter Date	
Mailing Address			NOT APPLICABLE	
18 DUPONT STREET		Revival Date	Continuation Date	
		NOT APPLICABLE	NOT APPLICABLE	
TORONTO ONTARIO CANADA M5R 1V2		Transferred Out Date	Cancel/Inactive Date	
		NOT APPLICABLE	NOT APPLICABLE	
		EP Licence Eff.Date	EP Licence Term.Date	
		NOT APPLICABLE	NOT APPLICABLE	
		Number of Directors Minimum Maximum	Date Commenced in Ontario	Date Ceased in Ontario
		00001 00009	NOT APPLICABLE	NOT APPLICABLE
Activity Classification				
NOT AVAILABLE				

Request ID: 021857992
Transaction ID: 68620629
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/09
Time Report Produced: 08:38:18
Page: 2

75

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2593619

2593619 ONTARIO INC.

Corporate Name History

Effective Date

2593619 ONTARIO INC.

2017/08/23

Current Business Name(s) Exist:

YES

Expired Business Name(s) Exist:

NO

Administrator:

Name (Individual / Corporation)

Address

BEATRIS
BUKSHTEIN

18 DUPONT STREET

TORONTO
ONTARIO
CANADA M5R 1V2

Date Began

First Director

2017/08/23

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

TREASURER

Request ID: 021857992
Transaction ID: 68620629
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/09
Time Report Produced: 08:38:18
Page: 3

76

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2593619

2593619 ONTARIO INC.

Administrator:
Name (Individual / Corporation)

Address

MOHAMMAD
MORADI

18 DUPONT STREET

TORONTO
ONTARIO
CANADA M5R 1V2

Date Began

First Director

2017/08/23

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Administrator:
Name (Individual / Corporation)

Address

AYLAR
MOUSAVI

115 AVENUE ROAD

Suite # 1
RICHMOND HILL
ONTARIO
CANADA L4C 9N2

Date Began

First Director

2017/08/23

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 021857992
Transaction ID: 68620629
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/09
Time Report Produced: 08:38:18
Page: 4

77

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2593619

2593619 ONTARIO INC.

Administrator:

Name (Individual / Corporation)

Address

AYLAR
MOUSAVI

115 AVENUE ROAD

Suite # 1
RICHMOND HILL
ONTARIO
CANADA L4C 9N2

Date Began

First Director

2017/08/23

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Y

Administrator:

Name (Individual / Corporation)

Address

AYLAR
MOUSAVI

115 AVENUE ROAD

Suite # 1
RICHMOND HILL
ONTARIO
CANADA L4C 9N2

Date Began

First Director

2017/08/23

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

CHIEF EXECUTIVE OFFICER Y

Request ID: 021857992
Transaction ID: 68620629
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/09
Time Report Produced: 08:38:18
Page: 5

78

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2593619

2593619 ONTARIO INC.

Administrator:
Name (Individual / Corporation)

Address

HOSSINE
TOTONCHIAN

18 DUPONT STREET

TORONTO
ONTARIO
CANADA M5R 1V2

Date Began

First Director

2017/08/23

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Administrator:
Name (Individual / Corporation)

Address

HOSSINE
TOTONCHIAN

18 DUPONT STREET

TORONTO
ONTARIO
CANADA M5R 1V2

Date Began

First Director

2017/08/23

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

Request ID: 021857992
Transaction ID: 68620629
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/09
Time Report Produced: 08:38:18
Page: 6

79

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2593619

2593619 ONTARIO INC.

Administrator:

Name (individual / Corporation)

Address

HOSSINE

18 DUPONT STREET

TOTONCHIAN

TORONTO
ONTARIO
CANADA M5R 1V2

Date Began

First Director

2017/08/23

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

CHIEF OPERATING OFFICER Y

Request ID: 021857992
Transaction ID: 68620629
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/09
Time Report Produced: 08:38:18
Page: 7

80

CORPORATION PROFILE REPORT

Ontario Corp Number

2593619

Corporation Name

2593619 ONTARIO INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2017/09/20 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

**LANDLORD'S CONSENT TO ASSIGNMENT OF LEASE
AND ASSIGNMENT OF LEASE**

THIS AGREEMENT MADE this 15th day of February, 2018

BETWEEN:

BALFIOR INVESTMENTS INC.

a corporation incorporated under the laws of the Province
of Ontario

(hereinafter called the "Landlord")

OF THE FIRST PART

- and -

2236715 ONTARIO LIMITED

a corporation incorporated under the laws of the Province
of Ontario

(hereinafter called the "Assignor")

OF THE SECOND PART

- and -

2593619 ONTARIO INC.
o/a Exeland Financial

a corporation incorporated under the laws of the Province
of Ontario

(hereinafter called the "Assignee")

OF THE THIRD PART

- and -

ARDAVAN KHAVARI

of the Town of Richmond Hill, Province of Ontario

(hereinafter called the "Indemnifier")

OF THE FOURTH PART

RECITALS:

A. By a lease dated the 16th day of July, 2012 (the "Original Lease"), the Landlord leased to the Assignor, as tenant, Units 1-4, shown cross-hatched on the plan attached to the Lease as Schedule "B" (the "Demised Premises), in a plaza municipally known as 4160 Steeles Avenue West, Vaughan, Ontario for and during a term of two (2) years commencing on the 1st day of September, 2012 and expiring on the 31st day of August, 2014.

B. By an agreement dated the 21st day of August, 2014 (the "First Lease Extension and Amending Agreement"), the Landlord agreed to expand the Demised Premises to include Units 5 and 6 and the Lease was extended for a further term of three (3) years and one (1) month commencing on the 1st day of September, 2014 and expiring on the 30th day of September, 2017.

C. By an agreement dated the 3rd day of March, 2017 (the "Second Lease Extension Agreement"), the Lease was extended for a further term of five (5) years expiring on the 30th day of September, 2022 (the "Term").

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D. The Original Lease, the First Lease Extension and Amending Agreement and the Second Lease Extension Agreement are hereinafter collectively referred to as the "Lease".

E. The Lease contains a covenant on the part of the Tenant not to assign the Lease or sublet the Demised Premises without the Landlord's consent.

F. The Assignor has agreed to assign the Lease to the Assignee subject to obtaining the Landlord's consent.

G. The Assignor has applied to the Landlord for the Landlord's consent to assign the Lease to the Assignee on the terms and conditions set out in this Agreement.

H. The Assignor confirms its continuing liability for the Tenant's obligations under the Lease.

I. The Indemnifier has agreed to execute the Indemnity Agreement attached hereto as Schedule "A" for the purpose of acknowledging the Indemnifier's agreement to indemnify and save the Landlord harmless from and against any non-payment of Rent and any non-observance or non-performance of any of the other terms, covenants and conditions contained in the Lease to be observed and performed on the part of the Tenant therein.

J. The Landlord has agreed to grant its consent to said assignment as at the 23rd day of February, 2018 (the "Effective Date"), subject to the following terms and conditions.

K. All capitalized terms and expressions used in this Agreement and not otherwise defined have the same meaning as they have in the Lease.

THIS AGREEMENT WITNESSETH:

I CONSIDERATION

1.1 The consideration for this Agreement is the mutual covenants and agreements among the parties to this Agreement and the sum of ONE DOLLAR (\$1.00) that has been paid by each of the parties to each of the others, the receipt and sufficiency of which are acknowledged.

II ASSIGNMENT

2.1 The Assignor transfers, sets over and assigns to the Assignee, as of and from the Effective Date, the Demised Premises, and all privileges and appurtenances of the Demised Premises, together with the unexpired residue of the Term, and the Lease and all benefits and advantages to be derived from, **TO HAVE AND TO HOLD** the Demised Premises to the Assignee, subject to the payment of the Rent due and payable after the Effective Date under the terms of the Lease and the observance and performance of the covenants and conditions of the Tenant contained in the Lease.

III CONSENT

3.1 The Landlord consents to the assignment of the Lease from the Assignor to the Assignee as of and from the Effective Date on and subject to the following terms and conditions:

- (a) This consent does not in any way derogate from the rights of the Landlord under the Lease nor operate to release the Assignor from its obligation to pay all of the Rent from time to time becoming due under the Lease and from the observance and performance of all of the terms, covenants and conditions contained in the Lease to be observed and performed by the tenant, and notwithstanding this assignment (or any disaffirmance or disclaimer of this assignment), the Assignor shall continue to remain liable for all of such covenants during the balance of the Term of the Lease.
- (b) This consent does not constitute a waiver of the necessity for consent to any further transfer or other dealings with the Lease, in accordance with the extended provisions of the Lease relating to assignment or subletting which must be completed in accordance with the terms of the Lease. If the Assignee proposes to effect a further transfer of the Lease, the terms of the Lease with respect to a transfer shall be applicable.
- (c) This consent is given on the express understanding that the Assignor and the Assignee shall be jointly and severally responsible for and shall save the Landlord harmless and indemnify

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it from and against all costs, including all legal costs, incurred by the Landlord in connection with the preparation of this Agreement and any additional documentation related to it and the Landlord's consent to this assignment.

- (d) By giving its consent in this Agreement, the Landlord does not acknowledge or approve of any of the terms of the transfer of the Lease (or any other related agreements) as between the Assignor and Assignee, except for the assignment of the Lease itself.
- (e) The assignment of the Lease is deemed not to have been delivered to the Assignee by the Assignor until the consent of the Landlord has been evidenced by the execution and delivery of this Agreement by the Landlord to both the Assignor and Assignee.
- (f) It is understood and agreed between the parties that the Landlord is holding a Security Deposit in the amount of **FOUR THOUSAND, FIVE HUNDRED DOLLARS (\$4,500.00)**, under the Lease. The Landlord will continue to hold such Security Deposit to be applied towards the due payment of the Assignor's obligations under the Lease and this Agreement, including but not limited to the year-end Additional Rent reconciliation completed 90 days' after the operating period in which estimates were made by the Landlord (hereinafter, the "Reconciliation Period"). Any portion of the Security Deposit left unapplied against such outstanding obligations shall be refunded to the Assignor at: 4160 Steeles Avenue West, Units 1-6, Vaughan, Ontario L4L 3S8 at the end of such Reconciliation Period. If the Security Deposit is inadequate to satisfy such obligation then in accordance with the provisions herein both Assignee, Assignor and any indemnifier shall remain liable for such deficiency which shall be paid forthwith upon demand.
- (g) Upon execution and delivery of this Agreement, the Assignee shall deliver a Security Deposit to the Landlord in the amount of **FOUR THOUSAND, FIVE HUNDRED DOLLARS (\$4,500.00)**. The Assignee shall be entitled to the benefits of and shall be subject to the obligations in the Lease with respect to the new Security Deposit.
- (h) It is understood and agreed between the parties that in accordance with the terms of the Lease the Landlord has received only an estimated amount on account of Additional Rent payable under the Lease and that upon the Landlord making a final determination of Additional Rent owing for current and prior operating periods of the Plaza, both the Assignor and the Assignee shall be jointly and severally liable for the whole of such adjustment.
- (i) The Assignor and the Assignee shall, at their expense, execute such further assurances with respect to the Demised Premises as the Landlord reasonably requires from time to time.
- (j) The Assignee shall not be entitled to enter into and take possession of the Demised Premises until (i) it delivers to the Landlord a certificate of insurance or, if required by the Landlord's Mortgagee, certified copies of each such insurance policy which the tenant is required by the Lease to take out, (ii) all required permits, licences and approvals from all governmental authorities having jurisdiction for the carrying on by the Assignee of its permitted business in the Demised Premises, (iii) post-dated cheques as required by the Lease. The Landlord agrees to accept Rent from the Assignee.
- (k) The Indemnifier shall execute the indemnity agreement attached hereto as Schedule "A" for the purpose of agreeing to indemnify and save harmless the Landlord from and against the non-payment of Rent reserved by the Lease and the non-performance and non-observance of the other terms, covenants and conditions set forth in the Lease on the part of the Tenant therein to be observed and performed.

IV ASSIGNOR'S COVENANTS

4.1 The Assignor covenants and agrees with the Assignee that:

- (a) Despite any act of the Assignor, the Lease is a good, valid and subsisting Lease and the covenants and conditions in the Lease have been duly observed and performed by the Assignor up to the Effective Date.
- (b) The Assignor has good right, full power and absolute authority to assign the Demised Premises and the Lease as provided in this Agreement.

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- (c) Subject to the payment of Rent and to the observance and performance of the terms, covenants and conditions contained in the Lease to be observed and performed by the Tenant, the Assignee may enter and hold and enjoy the Demised Premises for the residue of the Term granted by the Lease for its own use and benefit without any interruption by the Assignor or any other person claiming through or under the Assignor.
- (d) The Assignor will from time to time, at the request and cost of the Assignee, promptly execute such further assurances of the Demised Premises as the Assignee reasonably requires.

V ASSIGNEE'S AND INDEMNIFIER'S COVENANTS

5.1 The Assignee and Indemnifier covenant and agree with the Landlord that:

- (a) They will at all times during the balance of the Term of the Lease pay the Rent reserved by the Lease and all other payments covenanted to be paid by the Tenant therein and at the times and in the manner provided for in the Lease, and will observe and perform all of the terms, covenants and conditions contained in the Lease on the part of the Tenant therein to be observed and performed as and when the same are required to be observed and performed by the Lease, including, without limitation, the provisions of the Lease relating to the permitted use of the Demised Premises.
- (b) They will indemnify and save harmless the Landlord from all actions, suits, costs, losses, charges, demands and expenses for and in respect of any such non-payment or non-observance or non-performance.
- (c) The Assignee acknowledges that it has received a copy of the executed Lease and is familiar with the terms, covenants and conditions contained therein.
- (d) It shall carry on its business from the Demised Premises and the business carried on will be the same as that which was carried on by the Assignor in accordance with the "Use" provisions of the Lease.

5.2 The Assignee acknowledges and agrees that:

- (a) It is accepting possession of the Demised Premises in an "as is" condition and the Landlord shall not be required or liable to undertake or perform any work nor be responsible for the cost of any work in or to the Demised Premises or any part of the Building to accommodate the Assignee as of the Effective Date;
- (b) The Landlord has no responsibility or liability for making any renovations, alterations or improvements in or to the Demised Premises;
- (c) All further renovations, alterations or improvements in or to the Demised Premises are the sole responsibility of the Assignee and shall be undertaken and completed at the Assignee's expense and strictly in accordance with the provisions of the Lease;
- (d) It is the Assignee's responsibility to conduct full and complete due diligence with respect of the Assignor's business at the Demised Premises. The Landlord will not entertain any requests by the Assignee for a reduction of the Rent payable for the Demised Premises for any reason, including but not limited to, the Assignee's financial difficulty once the Assignee has assumed the Demised Premises and the business from the Assignor.

VI CONFIRMATION

6.1 The parties in all other respects confirm that the Lease is in good standing, full force and effect, unchanged and unmodified except in accordance with this Agreement. The Landlord confirms that the Assignor has done no act to disentitle the Assignee from exercising the option to extend as contained in the Lease.

B/B

VII BINDING EFFECT

7.1 This Agreement shall enure to the benefit of the Landlord and its successors and assigns, and shall be binding on the Assignor, the Assignee and the Indemnifier and each of their heirs, executors, administrators and permitted successors and assigns, respectively.

7.2 This Agreement shall be construed in accordance with the laws of the Province of Ontario.

EXECUTED BY THE PARTIES:

SIGNED, SEALED & DELIVERED
in the presence of:

BALEFIOR INVESTMENTS INC.
(Landlord)

Per: _____ c/s
Name: _____
Title: **ANGELO BALDASSARRA**
AUTHORIZED SIGNING OFFICER

2236715 ONTARIO LIMITED
(Assignor)

Per: _____ c/s
Name: *H. Totondou*
Title: *president*

2593619 ONTARIO INC.
o/a Exeland Financial
(Assignee)

Per: _____ c/s
Name: _____
Title: _____
ARDAVAN KHAVARI
(Indemnifier)

**CORPORATE SEAL OR NAME AND SIGNATURE OF WITNESS
REQUIRED**

BB

SCHEDULE "A"

INDEMNITY AGREEMENT

THIS AGREEMENT dated the 15th day of February, 2018

BETWEEN:

BALFIOR INVESTMENTS INC.

a corporation incorporated under the laws of the Province of Ontario

(hereinafter called the "Landlord")

OF THE FIRST PART

- and -

ARDAVAN KHAVARI

of the Town of Richmond Hill, in the Province of Ontario

(hereinafter called the "Indemnifier")

OF THE SECOND PART

In order to induce the Landlord to enter into an agreement (the "Agreement") dated the 15th day of February, 2018, and made among the Landlord, 2236715 Ontario Limited (the "Assignor"), 2593619 Ontario Inc. o/a Exeland Financial (the "Assignee") and the Indemnifier, assigning to the Assignee a certain lease (the "Lease") dated the 16th day of July 2012 made between the Landlord and the Assignor, as tenant, as amended and extended for and during a term commencing on the 1st day of September, 2012 and expiring on the 30th day of September, 2022 (the "Term"), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Indemnifier hereby makes the following indemnity and agreement (the "Indemnity") with and in favour of the Landlord:

1. The Indemnifier hereby agrees with the Landlord that at all times during the Term and any renewal he will:

- (a) make the due and punctual payment of all Rent, monies, charges and other amounts of any kind whatsoever payable under the Lease whether to the Landlord or otherwise and whether the Agreement has been disaffirmed or disclaimed;
- (b) effect prompt and complete performance of all the terms, covenants and conditions contained in the Lease on the part of the Tenant therein to be kept, observed and performed; and
- (c) indemnify and save harmless the Landlord from any loss, costs or damages arising out of any failure by the Assignee to pay the aforesaid Rent, money, charges and other amounts and any failure by the Assignee to observe and perform any of the terms, covenants and conditions in the Lease.

2. This Indemnity is absolute and unconditional and the obligations of the Indemnifier shall not be released, discharged, mitigated, impaired or affected by:

- (a) any extensions of time, indulgences or modifications which the Landlord extends to or makes with the Assignee in respect of the performance of any of the obligations of the Tenant under the Lease;
- (b) any waiver by or failure of the Landlord to enforce any of the terms, covenants and conditions of the Lease;
- (c) any assignment of the Lease by the Assignee or by any trustee, receiver or liquidator;

- (d) any consent which the Landlord gives to any such assignment; or
- (e) any amendment to the Lease or any waiver by the Assignee of any of its rights under the Lease.

3. The Indemnifier hereby expressly waives notice of the acceptance of this Indemnity and all notice of non-performance, non-payment or non-observance on the part of the Assignee of the terms, covenants and conditions in the Lease. Without limiting the generality of the foregoing, any notice which the Landlord desires to serve upon the Indemnifier shall be sufficiently given if delivered in person upon the Indemnifier, or mailed by prepaid registered post addressed to the Indemnifier at the Demised Premises, and every such notice is deemed to have been given upon the day it was delivered in person, or if mailed, seventy-two (72) hours after the date it was mailed. The Indemnifier may designate by notice in writing a substitute address for that set forth above and thereafter notice shall be directed to such substitute address. If two or more persons are named as Indemnifier, such notice shall be sufficiently given if and when the same is served personally or mailed in the foregoing manner to any one of such persons.

4. In the event of a default under the Lease or under this Indemnity, the Indemnifier waives any right to require the Landlord to (a) proceed against the Assignee or pursue any rights or remedies with respect to the Lease, (b) proceed against or exhaust any security of the Assignee held by the Landlord, or (c) pursue any other remedy whatsoever in the Landlord's power. The Landlord has the right to enforce this Indemnity regardless of the acceptance of additional security from the Assignee by the Landlord or by others or by operation of any law.

5. Without limiting the generality of the foregoing, the liability of the Indemnifier under this Indemnity is not and is deemed not to have been waived, released, discharged, impaired or affected by reason of the release or discharge of the Assignee in any receivership, bankruptcy, winding-up or other creditors' proceedings or the rejection, disaffirmance or disclaimer of the Lease in any proceeding and shall continue with respect to the Term disclaimed, and in furtherance hereof, the Indemnifier agrees, upon any such disaffirmance or disclaimer, that the Indemnifier shall, at the option of the Landlord, become the tenant of the Landlord upon the same terms and conditions as are contained in the Lease and the Agreement, as the case may be. The liability of the Indemnifier shall not be affected by a repossession of the Demised Premises by the Landlord, but the net payments received by the Landlord after deducting all costs and expenses of repossessing and reletting the same shall be credited from time to time by the Landlord to the account of the Indemnifier and the Indemnifier shall pay any balance owing to the Landlord from time to time immediately upon demand.

6. No action or proceedings brought or instituted under this Indemnity and no recovery in pursuance thereof shall be a bar or defence to any further action or proceeding which may be brought under this Indemnity by reason of any further default or defaults hereunder or in the performance and observance of the terms, covenants and conditions in the Lease.

7. No modification of this Indemnity shall be effective unless it is in writing and is executed by both the Indemnifier and the Landlord.

8. The Indemnifier shall, without limiting the generality of the foregoing, be bound by this Indemnity in the same manner as though the Indemnifier were the Tenant named in the Lease.

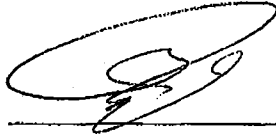
9. All of the terms, covenants and conditions of this Indemnity extend to and are binding upon the Indemnifier, his or her heirs, executors, administrators, successors and assigns, as the case may be, and enure to the benefit of and may be enforced by the Landlord, its successors and assigns, as the case may be. Wherever in this Indemnity reference is made to either the Landlord or the Assignee, the reference is deemed to apply also to the successors and assigns of the Landlord and the heirs, executors, administrators, permitted successors and assigns, respectively, of the Assignee. Any assignment by the Landlord of any of its interests in the Lease operates automatically as an assignment to such assignee of the benefit of this Indemnity.

10. The expressions "Landlord", "Tenant", "Assignor", "Assignee", "Rent", "Term" and "Demised Premises" and other terms or expressions used in this Indemnity, respectively have the same meaning as in the Lease or the Agreement, as the case may be.

B/B

11. This Indemnity shall be construed in accordance with the laws of the Province of Ontario.

SIGNED, SEALED & DELIVERED
In the presence of



BALFIOR INVESTMENTS INC.

(Landlord)

Per: _____ c/s

Name:

Title: **ANGELO BALDASSARRA**
AUTHORIZED SIGNING OFFICER

ARDAVAN KHAVARI

(Indemnifier)

NAME AND SIGNATURE OF WITNESS REQUIRED

BB

TAB 5

Court File No.: CV-18-00600821-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

B E T W E E N:

ROYAL BANK OF CANADA

Applicant

- and -

2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS

Respondent

HUSSEIN TOTONCHIAN, on behalf of the Respondent herein, taken at
the offices of UPPER CANADA COURT REPORTING & MEDIATION, Suite
600B, 95 Mural Street, Richmond Hill, Ontario, on the 12th day
of July, 2018.

A P P E A R A N C E S:

MUKUL MANCHANDA:

Solicitor for the Applicant

5 MELINDA VINE:

Solicitor for the Applicant

MATTHEW SOBLE:

Solicitor for the Respondent

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INDEX OF PROCEEDINGS

1		
2		
3		
4		
5		
6		
7		
8	HUSSEIN TOTONCHIAN, sworn	
9		
10	Examination by Ms. Vine	4
11		
12	Examination by Mr. Manchanda	6
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		

L I S T O F E X H I B I T S

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

EXHIBIT NO. 1: Share purchase agreement 37

EXHIBIT NO. 2: Chart of transferred vehicles. 67

1 INDEX OF UNDERTAKINGS

2 REFERENCE NO. PAGE NO.□

3 ---	UNDERTAKING NO. 1	6
4 ---	UNDERTAKING NO. 2	12
5 ---	UNDERTAKING NO. 3	12
6 ---	UNDERTAKING NO. 4	13
7 ---	UNDERTAKING NO. 5	14
8 ---	UNDERTAKING NO. 6	14
9 ---	UNDERTAKING NO. 7	16
10 ---	UNDERTAKING NO. 8	24
11 ---	UNDERTAKING NO. 9	24
12 ---	UNDERTAKING NO. 10	26
13 ---	UNDERTAKING NO. 11	40
14 ---	UNDERTAKING NO. 12	87

- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27

1 HUSSEIN TOTONCHIAN affirmed,

2
3 EXAMINATION BY MS. VINE

4 1. Q. Can you state your name for the record?

5 A. Hussein Totonchian.

6 2. Q. Unless I indicate otherwise, if I refer to
7 company, I'm going to be referring to
8 2236715 Ontario Limited. Can you confirm
9 the incorporation date of the company? If
10 you don't know it off hand, just the
11 approximate -- when did you first start the
12 company?

13 A. I actually bought it from somebody else,
14 but I started in June, 2012, I think.

15 3. Q. Sorry.

16 A. I can't actually tell you.

17 4. Q. And what's your role in the company?

18 A. I was the president.

19 5. Q. And you use that in the past tense?

20 A. Yes.

21 6. Q. When did that change?

1 A. When I resigned.

2 7. Q. When did you resign?

3 A. When was the exact date, March 2nd?

4 8. Q. Of 2018?

5 A. Yes.

6 9. Q. Previous to that, you held the role of
7 president?

8 A. Yes.

9 10. Q. Can you confirm the location of the head
10 office?

11 A. 4160 Steeles Avenue West.

12 11. Q. And can you advise who the shareholders of
13 the company are?

14 A. I'm the shareholder.

15 12. Q. The sole shareholder?

16 A. Yes.

17 13. Q. I see your counsel shaking his head.

18 MR. SOBLE: You were.

19 THE DEPONENT: I was. I'm talking about past, as of
20 -- until March the 2nd.

21

1 BY MS. VINE:

2 14. Q. Okay. So until March 2nd. And now you are
3 not shareholder at all?

4 A. No, I resigned.

5 15. Q. Well, resigning ---

6 A. I sold it. I sold the company. Transferred
7 the ownership of the company, I should say.

8 16. Q. And who did you transfer the ownership of
9 the company to?

10 MR. SOBLE: Let me just -- I'm just showing the copy
11 of the agreement.

12 THE DEPONENT: Chartreuse Bancorp Inc.

13 MS. VINE: Can we get copy of that sale
14 agreement?

15 MR. SOBLE: Yes.

16 --- UNDERTAKING NO. 1

17 MS. VINE: So that's an undertaking for the record.

18 MR. MANCHADA: When you say transfer the ownership, are
19 you implying that there was no
20 consideration given to you for the transfer

1 of the ownership, because you change it
2 from sold it to transferred.

3 THE DEPONENT: Well, it's sold.

4 MR. SOBLE: Well, you'll get a copy of the agreement
5 details and the terms.

6 MS. VINE: But I think the question there is what
7 consideration, if any, was made. An
8 agreement can say a number on it, it's
9 whether it was actually paid or not.

10 MR. SOBLE: Give me one moment.

11 MS. VINE: Sure.

12 THE DEPONENT: \$100.00.

13

14

15

16

17

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19

20

21

1 EXAMINATION BY MR. MANCHANDA

2 17. Q. Was there evaluation of the company then?

3 A. No.

4 18. Q. So how did you arrive at \$100.00?

5 A. I don't know.

6 19. Q. Okay. Were there any assets owned by the
7 company before it was transferred to
8 Chartreuse?

9 A. Just the furniture and stuff like that.

10 20. Q. No cars?

11 A. Not really, no. There was -- there were
12 some cars but not really, there wasn't any,
13 really, assets left in the company at that
14 time.

15 21. Q. So no cars were owned at the time you
16 sold/transferred the company?

17 MR. SOBLE: Sorry, if I can clarify something.
18 When they're referencing assets,
19 that's anything the company owned, so
20 that would include inventory and
21 everything.

1 THE DEPONENT: Yes, they had inventory, yeah.

2 BY MR. MANCHANDA:

3 22. Q. And what was the value of the inventory?

4 A. I don't remember.

5 23. Q. How many cars, roughly?

6 A. There were maybe 15, 20 cars for sure.

7 24. Q. Owned by the company?

8 A. Yes.

9 25. Q. And you transferred the ownership of the
10 company to Chartreuse in consideration of
11 \$100.00 against 20 cars that were owned by
12 them?

13 A. Yes, because we're starting a business
14 together, right? So they knew -- they knew that, you
15 know, I was short of cash. So they decided inject
16 money to the company.

17 26. Q. Which company, 223 or a new company?

18 A. Into the company, into Luxury.

19 MS. VINE: But there's -- you have
20 to remember that there's 223 and now we're

1 talking about Chartreuse. So when you say
2 someone's injecting money ---

3 THE DEPONENT: Chartreuse was going
4 to inject money into Luxury.

5 BY MR. MANCHANDA:

6 27. Q. Into 223?

7 A. 223.

8 MS. VINE: But that's not what
9 happened here. It's not -- they didn't give a
10 loan to 223. They

11 THE DEPONENT: No, they started
12 buying cars on -- Ford luxury sports cars.

13 MR. SOBLE: Just so I can clarify.

14 The \$100.00 was paid for the shares, but 223
15 was cash short and had debts and so part of
16 that deal is the new owners take the company,
17 they take the debts and everything, right?

18 They keep the debts of the company, so. And
19 the intention was they were going to take it
20 over and invest money. Whether they did or
21 not, that's post March the 2nd.

1 MS. VINE: So it's your position
2 that Chartreuse is liable for the debts of
3 223?

4 MR. SOBLE: No. I'm saying 223 is
5 still liable for its debts.

6 MR. MANCHANDA: So they bought the
7 shares, not the assets --

8 MR. SOBLE: Correct.

9 MR. MANCHANDA: -- slash liability
10 of the company?

11 MR. SOBLE: Correct, so they got the
12 ---

13 MS. VINE: And is that what the
14 agreement says? That it's a share sale?

15 MR. SOBLE: Correct.

16 BY MR. MANCHANDA:

17 28. Q. Who is the current director/president of
18 223?

19 A. I don't know, I would presume it
20 would be <0:06:40.2>.

21 BY MS. VINE:

1 29. Q. Okay. I'm going to go back and get just
2 some basic information about 223 so that we can
3 locate everything we need, but we're not done with
4 this Chartreuse company, okay? I just don't want to
5 get ahead of ourselves. Can you -- so when I'm
6 referring to the company again in this next series of
7 questions, I'm referring to 223 and I may refer to
8 them as 223. Confirm the location of corporate
9 minute book of 223?

10 A. I gave the minute books of 223 to
11 <0:07:29.7> because it was my previous lawyer,
12 and I gave them the record, the minute books.

13 30. Q. So that's my next question is who is 223's
14 corporate lawyer.

15 A. I don't know.

16 MR. SOBLE: Can we go off the record
17 for a second?

18 MS. VINE: Yeah.

19 --- OFF THE RECORD ---

20 --- BACK ON THE RECORD ---

21 BY MR. MANCHADA:

1 31. Q. Was Chartreuse aware that 223 owes money to
2 RBC?

3 A. Absolutely. We met with Kevin
4 Long (ph), i.e. myself and Kevin, we met, we
5 talked about it.

6 32. Q. So you told -- are you saying you told
7 Kevin that you were going to sold/transfer the
8 company? <0:00:28.6>?

9 A. Yes, we told ---

10 33. Q. <0:00:28.7>

11 A. We told him ---

12 34. Q. When was this?

13 A. When we came to visit us.

14 35. Q. When was that?

15 A. It was -- it was -- it was after
16 March, I think.

17 MS. VINE: After the sale or before
18 the sale?

19 THE DEPONENT: It was after the
20 sale. I don't remember exactly, but Kevin --

1 first time Kevin came and -- can I just look?

2 If I have something in my mailbox.

3 MR. SOBLE: If you can't find it
4 quickly we can always undertake to provide it.

5 MS. VINE: Yes, we can check for it
6 on the break too. I don't know if it's that
7 important at this time, so let's just continue
8 on.

9 MR. SOBLE: Okay.

10 MS. VINE: Like I said, I'm just
11 trying to get through these --

12 THE DEPONENT: Sure.

13 MS. VINE: -- questions first then
14 we'll get back into Chartreuse.

15 BY MS. VINE:

16 36. Q. Whose -- and I know that you're probably
17 answering these questions in the past and your answer
18 will be that you don't know now, but who was the
19 external accountant for 223?

20 A. Ilana -- I know I forget that
21 last name, but I'll get you the last name.

1 MS. VINE: Okay, can we get an
2 undertaking to provide the name of the
3 accountant?

4 MR. SOBLE: Yes.

5 --- UNDERTAKING NO. 2

6 MR. MANCHANDA: And contact
7 information.

8 MR. SOBLE: Yes.

9 --- UNDERTAKING NO. 3

10 BY MS. VINE:

11 37. Q. Has this lady been the accountant
12 throughout the duration of the business?

13 A. No, the last two years, I
14 believe.

15 MS. VINE: We will get an
16 undertaking to provide the accountant before
17 that? It's probably not necessary, but ---

18 MR. SOBLE: We'll take best efforts
19 to find them.

20 --- UNDERTAKING NO. 4

21 BY MS. VINE:

1 38. Q. We're ---

2 A. I can give you the name.

3 39. Q. Sure.

4 A. It's Ilana S-H-A-P-A-E-E-R.

5 Email is Ilana.S ---

6 40. Q. How do you spell Ilana?

7 A. I-L-A-N-A.S@science-experts.ca.

8 41. Q. Okay, thank you.

9 A. You're welcome.

10 42. Q. Did 223 have financial statements prepared
11 every year at your end?

12 A. Yes, Ilana did it.

13 43. Q. Are copies of those in the documents?

14 A. I don't know.

15 MS. VINE: Let's get an undertaking
16 for the financial statements for the last --
17 how many do you want?

18 MR. MANCHANDA: Three years.

19 MS. VINE: Three years, please?

20 MR. SOBLE: If we don't already have
21 it.

1 MS. VINE: If we don't have them.

2 MR. SOBLE: Yeah, we'll undertake to
3 make best efforts to get them for you.

4 --- UNDERTAKING NO. 5

5 MR. MANCHANDA: What type of
6 financial statements did she produce, notice
7 to reader, review engagement, audited?

8 THE DEPONENT: It wasn't audited.

9 It was always the bank's requirement, I
10 think, whatever notice to reader -- I don't
11 remember.

12 BY MS. VINE:

13 44. Q. Did she also prepare the company's income
14 tax returns?

15 A. Yes.

16 MS. VINE: We're also going to get
17 the same undertaking if they're not in the
18 documents already provided for the last three
19 years.

20 MR. SOBLE: Sure.

21 --- UNDERTAKING NO. 6

1 BY MS. VINE:

2 45. Q. And she would have been the party who filed
3 the tax returns with the CRA?

4 A. Yes.

5 46. Q. And was it yourself that signed and
6 approved the income tax returns?

7 A. I guess so, yeah.

8 47. Q. Who were the employees who maintained the
9 day-to-day books and records?

10 A. Well, I had a number of employees
11 through the years, but until -- from March on,
12 it was Ardy an in-house accountant who was
13 Sheema <0:05:07.7>, and they had a full-time
14 accountant in the office there. Then I had
15 salesperson, Habib.

16 48. Q. So, okay, just going back. Are -- so post-
17 sale, there was Sheema <0:05:27.2>, with the in-house
18 accountant?

19 A. Well, she did all the books and
20 everything --

21 49. Q. Right.

1 A. -- and they hired an accountant,
2 I don't know the lady's name.

3 50. Q. Like a third party accountant?

4 A. No, it was -- I don't know if it
5 was third party, but she was there all the
6 time -- most of the time. That they -- they
7 charged us, I guess. Had somebody there all
8 the time.

9 51. Q. Okay. Pre-sale, who were the employees?

10 A. Pre-sale was Beatrice and Alex
11 were the, like, the managers.

12 52. Q. Beatrice's last name?

13 MR. SOBLE: We can give you an
14 undertaking to provide full names of the
15 employees.

16 MR. MANCHANDA: And contact
17 information.

18 MR. SOBLE: If they have it, for
19 sure.

20 MR. MANCHANDA: Okay.

21 BY MS. VINE:

1 53. Q. Just give me a second, Beatrice Bookstein
2 (ph)?

3 A. That's correct.

4 MS. VINE: So I will just get that
5 undertaking for her contact information, if
6 available.

7 MR. SOBLE: Sure.

8 --- UNDERTAKING NO. 7

9 BY MS. VINE:

10 54. Q. And what -- Pre-sale, what would their
11 responsibilities have been? Sorry, going back there,
12 you said Beatrice and you said another name.

13 A. Alex.

14 55. Q. Alex, last name?

15 A. Belenky, B-E-L-E-N-K-Y.

16 56. Q. Sorry, one more time?

17 A. B-E-L-E-N-K-Y.

18 57. Q. B-E-L-E-N-K-Y, okay. And pre-sale, what
19 were their responsibilities?

20 A. They were doing the day-to-day --
21 she was doing the day-to-day operations.

1 MR. MANCHANDA: Including
2 bookkeeping?

3 THE DEPONENT: Ilana did the
4 bookkeeping, and she ---

5 MR. MANCHANDA: Pre-sale?

6 MS. VINE: No, Ilana is their third
7 party accountant.

8 THE DEPONENT: Third party
9 accountant.

10 MR. MANCHANDA: Okay.

11 BY MS. VINE:

12 58. Q. But day-to-day bookkeeping?

13 A. She -- yeah, Beatrice did.

14 59. Q. Beatrice.

15 A. But she would send an accountant
16 once a week, a bookkeeper, whatever Ilana was.

17 60. Q. And post-sale?

18 A. Post-sale, it was Sheema and ---

19 61. Q. So Sheema did the day-to-day banking?

20 A. Yeah.

21 62. Q. Who provided oversight to those employees?

1 A. Who, to which one?

2 63. Q. Beatrice and Alex.

3 A. Well, I would be there.

4 64. Q. And today, you have provided the physical
5 books and records of the company in your possession?

6 A. Everything that I have, yes.

7 65. Q. Are you aware if there's any further
8 documents --

9 A. Yes, there ---

10 66. Q. -- at any other location?

11 A. Well, there's other documents
12 that Ardy has from post.

13 67. Q. When you say Ardy, I just want to get the
14 correct spelling.

15 A. Ardavan. A-R-D-A-V-A-N.

16 68. Q. So once again A-R -- or A-D?

17 A. No, A-R -- hold on, let me just
18 see. A-R-D-A-V-A-N.

19 69. Q. Yes.

20 A. Last name is Khavari, K-H-A-V-A-
21 R-I.

1 MR. SOBLE: Just for clarity, the
2 references are Ardy, as a short form, A-R-D-Y.

3 MS. VINE: Right.

4 BY MS. VINE:

5 70. Q. And he has all documents post March 2nd?

6 A. Right. He would be the main
7 contact for them.

8 71. Q. What about the electronic records of the
9 company?

10 A. What do you mean electronic?

11 72. Q. Accounting software, how you -- you ---

12 A. It would -- they have it, it's
13 QuickBooks. It's in Sheema's -- and all the
14 QuickBooks from previous year -- years, it's
15 all in Sheema's -- was in Sheema's computer.

16 It was a continued QuickBook. All the
17 accounting was done on QuickBooks.

18 73. Q. Any other software packages to maintain the
19 books records?

20 A. For the accounting, no, but for
21 sales, they had another one, but -- but that's

1 just to print a bill of sale. It wasn't a,
2 really, accounting software.

3 74. Q. Okay. And did that keep copies of the
4 bills of sale?

5 A. That would print it and keep it,
6 it was a -- called CAMS, and -- do you need
7 the -- but they -- it's all in the systems, in
8 the computer systems. If they have maintained
9 their software.

10 75. Q. So Sheema would have that as well?

11 A. Ardy or Mo would have those, Mo
12 Moradi. It would be on their computers.

13 MR. SOBLE: Can we go off the record
14 for a second?

15 MS. VINE: Yes.

16 --- OFF THE RECORD ---

17 --- BACK ON THE RECORD ---

18 THE REPORTER: Okay, we're on the
19 record.

20 MR. SOBLE: Thank you. Just to
21 clarify any answers that Hussein is giving

1 today are to the best of his knowledge with
2 respect to anything after the sales
3 transaction on March the 2nd.

4 MS. VINE: Thank you.

5 BY MS. VINE:

6 76. Q. Was there a computer server owned by the
7 company?

8 A. Not a server. It was the
9 software that I told you.

10 77. Q. Okay.

11 A. The QuickBooks was the accounting
12 and it's iCloud based, I guess. That's the
13 CAMS system for the -- printing of bill of
14 sale.

15 78. Q. How do you spell that system?

16 A. C-A-M-S.

17 MR. MANCHANDA: When you say,
18 'Server' it doesn't necessary has to be a big
19 computer device. Where was all of the
20 software centrally located? Like QuickBooks -

21 --

1 THE DEPONENT: QuickBooks was in
2 Sheema's computer.

3 MR. MANCHANDA: The source copy, the
4 source file?

5 THE DEPONENT: Yes.

6 MR. MANCHANDA: Okay.

7 THE DEPONENT: Like the -- it was
8 only in one company.

9 MR. MANCHANDA: Nobody else could
10 access it?

11 THE DEPONENT: Nobody else could
12 access. It was there, and then the -- what we
13 did with the bill of sale, to print the bill
14 of sale and all that stuff was on a couple of
15 computers, so you could print the bill of
16 sale, business manager, the receptionist, and
17 the accounting had it too.

18 MR. MANCHANDA: When you say bill of
19 sale, this is a preprinted document that you
20 put into the computer and the software fills
21 in the information?

1 THE DEPONENT: Exactly. Puts the
2 bill of sale, like, it works on -- like, it
3 make sure that taxes are there, the licensing,
4 and everything, and it keeps a record of it,
5 what was sold.

6 BY MS. VINE:

7 79. Q. And you don't have access to that right
8 now?

9 A. No, I don't. I don't think I --
10 I don't remember having -- if I have access to
11 it, we -- I introduced it to them and -- but I
12 don't remember ever having access to it
13 because it was day-to-day operations and I
14 wasn't involved day-to-day.

15 80. Q. Okay. What are the -- do you know the
16 passwords to accessing company's electronic records?

17 A. I don't have it, no.

18 MR. MANCHANDA: Who would have it?

19 THE DEPONENT: Sheema would have it,
20 I'm sure.

1 MR. MANCHANDA: Was there an
2 external IT company that you used pre-sale,
3 post-sale?

4 THE DEPONENT: No.

5 BY MS. VINE:

6 81. Q. Were there any back-ups prepared for the
7 electronic records? Did you back-up yearly and have
8 a hard copy?

9 A. I don't because it was --
10 everything is on cloud --

11 82. Q. Cloud.

12 A. -- and so ---

13 MR. MANCHANDA: So who do you have
14 it with cloud? What service provider?

15 THE DEPONENT: Like it would be on
16 the computer, like ---

17 MR. MANCHANDA: When you say cloud,
18 it's sitting on -- sitting on the Internet
19 somewhere.

20 THE DEPONENT: It would be on
21 QuickBooks. I mentioned, they have ---

1 MR. MANCHANDA: So QuickBooks
2 server, okay.

3 THE DEPONENT: I guess it would be
4 QuickBooks, yeah.

5 MR. MANCHANDA: So you had online
6 QuickBooks?

7 THE DEPONENT: I think so. Is there
8 any other way to do QuickBooks?

9 MR. MANCHANDA: You could have a
10 hard copy as well.

11 THE DEPONENT: I don't know.

12 MR. MANCHANDA: What about CAMS, is
13 that -- was that also a cloud-based system?

14 THE DEPONENT: Yes, because it --
15 you -- it's a cloud -- yes, that one for sure
16 is cloud based.

17 MR. MANCHANDA: Did you have a
18 specific provider number or an account number
19 with CAMS?

20 THE DEPONENT: There would be one.
21 They would have the -- what do you call it?

1 Because you could -- these kinds of computers
2 -- these systems, you can log from anywhere,
3 right? So as long as you have the username
4 and your password, you can just get in
5 anywhere you are.

6 MS. VINE: Can we get an undertaking
7 for the account number, the user name, and a
8 password?

9 THE DEPONENT: I don't have one, but
10 -- I don't personally have one.

11 MR. MANCHANDA: So can we get an
12 undertaking from you to provide us with the
13 name of the service provider and the contact
14 information? I know it's CAMS but the contact
15 person and the ---

16 MR. SOBLE: We can undertake to take
17 best efforts to look for things. To be clear,
18 any undertaking we give that has anything to
19 do with anything post March 2nd, all we can do
20 is ask somebody for it. There's no way to

1 force it and pre March 2nd, you've been
2 provided with everything Hussein has.

3 --- UNDERTAKING NO. 8

4 MR. MANCHANDA: And you'll let us
5 know who you've asked?

6 MR. SOBLE: We can do that, yes.

7 --- UNDERTAKING NO. 9

8 MR. MANCHANDA: Now, in terms of
9 CAMS, pre-sale, were you paying them by
10 cheque, by Interac transfer, Visa? How are
11 you paying this service provider?

12 THE DEPONENT: I don't remember.
13 It's either cheque or credit card. It would
14 be, probably, cheque.

15 MR. MANCHANDA: And that would be on
16 a monthly basis?

17 THE DEPONENT: Quarterly basis.

18 MR. MANCHANDA: Quarterly basis.

19 Would there

20 THE DEPONENT: There would be
21 invoices in there.

1 MR. SOBLE: In where? Sorry, can
2 you ---

3 THE DEPONENT: With the records.

4 MR. MANCHANDA: To the best of your
5 knowledge, has this service been changed or
6 altered post-sale?

7 THE DEPONENT: I don't know, it's --
8 I -- he -- the guy called me, said it hasn't
9 been paid and I said, 'It's got nothing to do
10 with me. You've got to contact' ---

11 MR. MANCHANDA: When did the guy
12 call you?

13 THE DEPONENT: He called me a
14 couple of weeks ago, he says he hasn't
15 received any monies and I said, 'You got to
16 speak with Ardy'.

17 MR. MANCHANDA: Can you name the guy
18 and give me his contact information?

19 THE DEPONENT: I can find it for you
20 now, no problem.

1 MS. VINE: Let's get that
2 undertaking on the record. Undertaking to
3 provide the name and contact information of
4 the representative --

5 MR. SOBLE: Of CAMS.

6 MS. VINE: -- of CAMS that contacted
7 -- that made contact last week.

8 MR. SOBLE: Yes.

9 --- UNDERTAKING NO. 10

10 BY MS. VINE:

11 83. Q. Did the company have any loans? We know
12 about the RBC loan, are there any other loans?

13 A. To me? To the company.

14 84. Q. No, to the company. Creditors of the
15 company?

16 A. No.

17 MR. MANCHANDA: So you're saying you
18 did not borrow money from anybody other than
19 RBC? 'You' being the company?

1 THE DEPONENT: Well, we borrowed
2 money from NextGear but we -- they paid it --
3 we paid it back.

4 MR. MANCHANDA: What were the terms
5 of that loan?

6 THE DEPONENT: I don't remember.

7 BY MS. VINE:

8 85. Q. Do you have a copy of that loan agreement?

9 A. I don't -- I don't know. It
10 would be in the -- in the thing.

11 86. Q. If you have it, it's in the box?

12 A. Yes.

13 MR. MANCHANDA: Do you have a
14 contact person at NextGear that you ---

15 THE DEPONENT: No, that -- it was
16 all paid off anyways. They paid it off.

17 MR. MANCHANDA: When was it paid
18 off?

19 BY MS. VINE:

20 87. Q. So, hold on, going back, was this a term
21 loan?

1 A. No, it was like when you buy a
2 car from the auction, you can buy it and they
3 give us, like, because we were really good
4 customers, so we could buy more cars. So we -
5 - they gave us, like, a line of 250,000. You
6 had to pay it back in 30 days or whatever, and
7 we paid it off.

8 MR. MANCHANDA: Now, this 250,000,
9 was this specific to certain cars or it was an
10 open line that you could go in and buy cars --

11 -

12 THE DEPONENT: From the auction.

13 MR. MANCHANDA: So you could go and
14 buy any number of cars ---

15 THE DEPONENT: But up to ---

16 MR. MANCHANDA: 250?

17 THE DEPONENT: Yeah.

18 BY MS. VINE:

19 88. Q. And what were the terms of repayment? When
20 you sold a car, did you have to pay a certain amount
21 back?

1 A. Yes. To when you paid off --
2 when you sold the car, you had to pay it all
3 back.

4 89. Q. And did they take a security interest in
5 the cars that ---

6 A. Well, they held the ownerships.

7 90. Q. Until the ---

8 A. This -- you paid -- you sold it,
9 you paid it.

10 91. Q. Did the company lend any money to anyone
11 else?

12 A. No.

13 92. Q. They did ---

14 A. Go ahead.

15 93. Q. They didn't provide any financing on any
16 vehicles?

17 A. Not Luxury, no.

18 MR. MANCHANDA: Did the company
19 borrow money from Chartreuse?

20 THE DEPONENT: Luxury?

21 MR. MANCHANDA: Mm-hmm.

1 THE DEPONENT: No.

2 MR. MANCHANDA: Never?

3 THE DEPONENT: No.

4 MR. MANCHANDA: So if there were any
5 payments made to Chartreuse by the company,
6 what would it be for?

7 THE DEPONENT: For purchase of a
8 car.

9 MR. MANCHANDA: From Chartreuse?

10 THE DEPONENT: No. The --
11 Chartreuse would pay Luxury to buy a car.

12 MR. MANCHANDA: I'm seeing the other
13 way round. If -- why would the company make a
14 payment to Chartreuse?

15 THE DEPONENT: I don't think they
16 would. It was not ---

17 MS. VINE: Let's get this marked as
18 an exhibit. Do you have a copy?

19 MR. MANCHANDA: This is a RBC bank
20 statement analysis we printed. If you look at

1 December 21st, it's \$10,000.00. That's just
2 one. It totals \$62,520.00.

3 THE DEPONENT: This is a BMW.

4 MR. MANCHANDA: But you paid that?

5 THE DEPONENT: I paid charges.

6 MR. SOBLE: Sorry, bear with us
7 here.

8 MS. VINE: We can go off record for
9 a second.

10 --- OFF THE RECORD ---

11 --- BACK ON THE RECORD ---

12 BY MS. VINE:

13 94. Q. Did the -- did 223 have any loans from its
14 shareholders?

15 A. Yes.

16 95. Q. You --

17 A. Me.

18 96. Q. -- provided a loan to 223, pre-sale?

19 A. Yeah, when we first set up the
20 company.

21 97. Q. Was that paid in full?

1 A. What do you mean?

2 98. Q. Did the company pay you back for your
3 shareholder loan in full?

4 A. No.

5 99. Q. So how much was outstanding at the time of
6 the sale?

7 A. Probably over a million dollars,
8 I think.

9 100. Q. Do you have any records of that?

10 A. So -- I did it all by cheques, so

11 ---

12 101. Q. You would just give the money -- company?

13 A. Cheque, yeah.

14 102. Q. And you didn't keep track of it though, on
15 a ledger or ---

16 A. It would be my -- would be on the
17 books of the company.

18 103. Q. So if there is any records of it, it's in
19 the boxes provided?

20 A. It should be, yeah.

1 MR. MANCHANDA: So you're saying you
2 put in one million dollars of your personal
3 money into the company?

4 THE DEPONENT: More than that, I
5 think.

6 MR. MANCHANDA: It wasn't converted
7 by way of dividends, by way of salary,
8 bonuses?

9 THE DEPONENT: I took some money
10 back -- shareholders advances back. There has
11 been some, but I put more than a million
12 dollars' worth in that.

13 MR. MANCHANDA: Did you ever take
14 dividends from the company?

15 THE DEPONENT: No dividends.

16 MR. MANCHANDA: Salary?

17 THE DEPONENT: Salary, no.

18 BY MS. VINE:

19 104. Q. What institution other than RBC did the
20 company bank with?

21 A. Pre or post?

1 105. Q. Pre and post, if you know.

2 A. Pre, only RBC.

3 106. Q. And post?

4 A. In the transition that we had,

5 they opened up an account at TD.

6 107. Q. And did you stop using RBCs account?

7 A. There was -- we're still using

8 RBC to the best of my knowledge <0:26:36.0>

9 because all the -- most of the deals that

10 would get funded should have gone to RBC.

11 MR. MANCHANDA: Can you clarify

12 that? Most of the deals that were funded

13 should have gone to RBC?

14 THE DEPONENT: Well, when we -- but

15 I'm not sure if we transfer -- they

16 transferred it or not, but let's say we sell a

17 car and we finance the car with the customer

18 finances a car. So once the deal is approved,

19 the bank -- when the banks pay us back, it

20 should automatically go into our account.

21 BY MS. VINE:

1 108. Q. Right. So when it's financed, the finance
2 company provides a direct deposit right to your
3 account?

4 A. Right, yes.

5 109. Q. And that was always set up for RBC?

6 A. It should have been in RBC, yeah.

7 I don't remember if we transferred to the new
8 company or not, but that was the process we
9 had.

10 110. Q. Pre-sale, who had the signing authority at
11 RBC?

12 A. I did.

13 111. Q. And who had signing authority at the TD
14 account?

15 A. Mo and me -- but Mo did most of
16 the -- he did it all actually. I don't
17 remember signing anything for TD.

18 MR. MANCHANDA: Did anybody else
19 have signing authority with the RBC account?

20 THE DEPONENT: I don't think so, no
21 I don't.

1 BY MS. VINE:

2 112. Q. Do you have a copy of the banking agreement
3 at TD?

4 A. No, I don't.

5 113. Q. When was the last HST return filed by the
6 company?

7 A. I don't know. Ardy would know.

8 MR. MANCHANDA: What about pre-sale?

9 THE DEPONENT: When it was -- I
10 don't remember. When it was due, I guess, I
11 don't know.

12 BY MS. VINE:

13 114. Q. Who would have done that? Who would have
14 completed that?

15 A. Ilana.

16 MR. MANCHANDA: What was your
17 reporting requirement for HST, monthly,
18 quarterly?

19 THE DEPONENT: Monthly.

1 MR. MANCHANDA: To the best of your
2 knowledge it was up to date, filed and paid,
3 pre-sale and post?

4 THE DEPONENT: Pre-sale, we may have
5 been one month behind or so. Like, one or two
6 months behind, I'm not sure, but post, when I
7 -- because the CRA called me and they wanted
8 to know -- they want to come and look at the
9 books and records. And I spoke to Ardy about
10 it, he told me everything is up to date and
11 that they can go see all the books and records
12 that is -- that he has all the books and
13 records and he can show it to her.

14 MR. MANCHANDA: And where did it say
15 the CRA went and gone to look at the books and
16 records?

17 THE DEPONENT: He said he has it --
18 I -- and I -- she send me an email. I
19 forwarded the email to Ardy saying, "This is
20 the lady from CRA, please contact her and give
21 her the information." She called, actually,

1 the day -- the other day, yesterday or day
2 before.

3 BY MS. VINE:

4 115. Q. Can we get her name? Do you have it?

5 A. Yes. Give me one second, I know.

6 Give me one second.

7 116. Q. Sure.

8 A. Dina Nicola, D-I-N-A N-I-C-O-L-A.

9 Her phone number is 416-567-6361.

10 117. Q. Okay.

11 MR. MANCHANDA: Was this in respect
12 of source deductions or HST or both?

13 THE DEPONENT: I think it was source
14 deductions.

15 BY MS. VINE:

16 118. Q. Pre-sale source deductions were up to date
17 though?

18 A. Yes. But they -- even if it
19 wasn't, they cleaned everything up, they paid
20 up CRA, they paid -- my understanding was they

1 -- we cleaned up all the active accounts and
2 everything, so it's done, it's ---

3 MR. MANCHANDA: 'They' being?

4 THE DEPONENT: Ardy.

5 BY MS. VINE:

6 119. Q. Chartreuse.

7 A. Chartreuse or Ardy.

8 MR. MANCHANDA: Just to ask again, I
9 don't know if this has been answered. Who is
10 the party to the sale agreement? Is it
11 Chartreuse or Ardy?

12 MR. SOBLE: Chartreuse was the
13 purchaser and the Hussein Totonchian 2012
14 family trust was the vendor.

15 MS. VINE: Can you email that to us?
16 Can we look at that?

17 MR. SOBLE: Yeah. I'm not online
18 now to -- bear with me.

19 MS. VINE: Yeah, and you know what,
20 we're going to start to get into Chartreuse
21 and the transfer and all that stuff, so maybe

1 it might be a good time to take a five minute
2 break. We can review that agreement and then
3 we can come back.

4 MR. SOBLE: Okay.

5 --- OFF THE RECORD ---

6 --- BACK ON THE RECORD ---

7 MR. SOBLE: Okay, just going through
8 my old transaction records from the sale, and
9 to clarify Blaney's - Blaney's was
10 representing the purchaser the whole time
11 involved in the agreement and the whole
12 closing. I have -- my recollection was that
13 they were only doing the mortgage but they
14 were involved through the whole thing.

15 MS. VINE: Who was it at

16 <0:00:33.4>? Do you remember?

17 MR. SOBLE: Hasan Naqvi

18 MS. VINE: Okay.

19 MR. SOBLE: N-A-Q-V-I.

20 MS. VINE: Okay.

1 MR. SOBLE: And it's Hasan with one
2 S. And then also Sandeep Sandhu, S-A-N-D-H-U.

3 MS. VINE: Okay. So you've told us
4 that on March 2nd, and we now have a copy --
5 now that I think about it, should we be
6 printing a copy and having them marked as an
7 exhibit?

8 MR. SOBLE: Yeah, we can.

9 MS. VINE: We should, yeah. Can you
10 -- we'll go off record again, sorry.

11 --- OFF THE RECORD at ---

12 --- BACK ON THE RECORD ---

13 BY MS. VINE:

14 120. Q. So at the start of the examination, you had
15 advised that the company Chartreuse Bancorp Inc.
16 purchased all of the shares of 2236715 Ontario
17 Limited, is that correct?

18 A. Yes.

19 MS. VINE: And we've now been
20 provided with a share purchase agreement,

1 which I'll hand you a copy and I'll mark as
2 Exhibit 1.

3 --- EXHIBIT NO. 1: Share purchase agreement

4 BY MS. VINE:

5 121. Q. Thank you. This is a share purchase
6 agreement dated March 2nd, 2018 with the same -- how
7 do I pronounce your last name, sorry?

8 A. Totonchian. Totonchian.

9 122. Q. Totonchian 2012 family trust as the vendor,
10 yourself as the principle and Chartreuse Bancorp Inc.
11 as purchaser and 2236715 Ontario Limited as a
12 corporation. What were the circumstances proceeding
13 the entering of the share purchase agreement? Why
14 did this happen?

15 A. We were going to set up a
16 subprime lending company.

17 123. Q. For luxury cars?

18 A. For luxury and sports Cars, yes.

19 For cars, basically. And we were going to --
20 they were going to finance people who -- they
21 were going to bring the money and I was going

1 to bring the expertise for -- and me and my
2 team were going to bring the expertise for
3 people who have bad credit, so be able to
4 finance those people. And rather going to the
5 bank, we would lend it ourselves. They would
6 -- through Chartreuse, lend the money, they
7 would buy the car, lend the money, and they
8 would finance the car over with high interest
9 rates with higher interest rates over the
10 time.

11 MR. MANCHANDA: So when you say we
12 was it a collective effort between you,
13 Chartreuse/Ardy/Mo?

14 THE DEPONENT: Yes, so everybody was
15 in our team.

16 MR. MANCHANDA: So why didn't you
17 keep any of the shareholdings?

18 THE DEPONENT: Because they created
19 a management company because the bank -- this
20 was -- because they set up -- what happened
21 was they bought Chartreuse was their bank,

1 but because they got the funding from outside
2 sources, I don't know if it's them or somebody
3 else, so they said we have a management
4 company where we get paid on what we sell as
5 percent -- like a 50 percent of the profit so
6 whatever. Like a 50 percent of the -- half of
7 the money that was made.

8 BY MS. VINE:

9 124. Q. What was the management company?

10 A. What was the name of it?

11 125. Q. Or the numbered company or ---

12 A. The ExeLand Financial. It's E-X-
13 E-L-A-N-D Financial.

14 126. Q. Can you say that again? E-X ---

15 A. E-L-A-N-D Financial.

16 127. Q. Did you have an interest in that company?

17 A. I was -- yes, I was part of that.

18 128. Q. In what way? A shareholder --

19 A. A shareholder.

20 129. Q. -- a director?

21 A. Shareholder, I believe.

1 MR. MANCHANDA: This ExeLand
2 Financial seems like a trade name. Is there a
3 legal name of the company?

4 MS. VINE: Numbered company?

5 THE DEPONENT: I don't know if it's

6 ---

7 MS. VINE: can we get that as an
8 undertaking?

9 MR. SOBLE: Yes.

10 --- UNDERTAKING NO. 11

11 MR. MANCHANDA: How many shares did
12 you own for this ExeLand Financial?

13 THE DEPONENT: Ardy has all the
14 documentation. I think I have 12 and a half
15 percent.

16 BY MS. VINE:

17 130. Q. Who else was the shareholders in this
18 company?

19 A. Mo Moradi, Ardy, they had 50
20 percent or 51 percent.

21 131. Q. Together?

1 A. Yes. I think 25, 25. Beatrice
2 had and Alex had 25, I had 12 and a half and
3 Habib Theikhani had the other 12 and a half.

4 MR. MANCHANDA: Do you know Habib's
5 full name?

6 THE DEPONENT: Hold on. I got it on
7 my phone.

8 MR. SOBLE: Could we go off the
9 record for a second, please?

10 --- OFF THE RECORD ---

11 --- BACK ON THE RECORD ---

12 BY MS. VINE:

13 132. Q. So we're back on the record, we're talking
14 about ExeLand Financial. You had told us that they
15 were in the business of providing these financing and
16 you in fact stated that they did provide financing to
17 you?

18 A. Yes.

19 133. Q. So when did they start to provide
20 financing? Do you recall when this company was

1 incorporated? But before that, you were about to
2 give us Habib's last name --

3 A. Yes.

4 134. Q. -- right? Before we went off the record.

5 MR. MANCHANDA: As I understand
6 Habib was former employee of 223 or still an
7 employee of 223?

8 THE DEPONENT: Yes.

9 MR. MANCHANDA: Is he still an
10 employee?

11 THE DEPONENT: I don't know if he's
12 -- but it's closed now, so -- but -- his last
13 name is T-H-E-I-K-H-A-N-I.

14 MR. MANCHANDA: Can you undertake to
15 give us his contact information?

16 THE DEPONENT: Sure.

17 MR. MANCHANDA: Or if you have the
18 information, we'll take it now.

19 THE DEPONENT: Yeah, his cell phone
20 is 416-617-3159.

21 BY MS. VINE:

1 135. Q. So just repeat it. 416-617 ---

2 A. 416-617-3159.

3 136. Q. Thank you. Do you recall when ExeLand
4 Financial was first incorporated or started?

5 A. I would say in October, November
6 -- no yeah, somewhere in that time.

7 MR. MANCHANDA: 2017?

8 THE DEPONENT: Yeah.

9 BY MS. VINE:

10 137. Q. And the intention was for them to just
11 provide financing to 223's customers?

12 A. Yes.

13 MR. MANCHANDA: And how many
14 customers roughly 223 brought to ExeLand
15 Financial?

16 THE DEPONENT: We had almost 50 cars
17 on the road.

18 MR. MANCHANDA: Had or still have?

19 THE DEPONENT: Well, I don't know
20 the state of how many of them got dropped off,
21 how many are, but -- because they did all the

1 work, right? Chartreuse, and that's why they
2 had the full-time accountant there and you
3 know, they had -- we got up to about 40, 50
4 cars.

5 MR. MANCHANDA: Well, these 50 cars
6 were sold from 223 to these customers and then
7 financing was arranged with ExeLand Financial?

8 THE DEPONENT: Yes. With
9 Chartreuse.

10 BY MS. VINE:

11 138. Q. What do you mean -- so, where does
12 Chartreuse come in? Chartreuse provides the money to
13 ExeLand, ExeLand is a management company that takes -
14 -

15 A. Is the managing ---

16 139. Q. -- a 15 percent cut and then provides the
17 money, is that how it works? It was ---

18 A. No, Chartreuse is the company
19 that's providing the money --

20 140. Q. Right.

1 A. -- and is financing and holding
2 the paper, right? And ExeLand is just the
3 person selling the -- doing the deal, I guess.

4 MR. MANCHANDA: So what's 223's role
5 in there?

6 THE DEPONENT: It's the location,
7 brings the customer.

8 BY MS. VINE:

9 141. Q. They're the vendor, right?

10 A. Yeah, yeah, they're the vendor
11 basically.

12 MR. MANCHANDA: So they're not
13 running any sales or revenues through 223 or
14 running everything through ExeLand Financial?

15 THE DEPONENT: No, ExeLand Financial
16 is not licenced. Everything is going through
17 Luxury.

18 MR. MANCHANDA: So all of the sales
19 of the vehicles, they go through Luxury?

20 THE DEPONENT: Yes. Luxury sells it
21 to Chartreuse.

1 MR. MANCHANDA: Okay.

2 BY MS. VINE:

3 142. Q. Luxury sells it to Chartreuse?

4 A. Chartreuse, yes. And the other
5 one's just a management company.

6 143. Q. Let me just get this straight. Luxury, I
7 don't -- Luxury, is it -- Luxury sells to customer
8 whoever gets the vehicle?

9 A. Yes, Luxury gets the customer and
10 sells the paper -- like, we finance with the
11 bank.

12 144. Q. Yeah.

13 A. It's the same thing, if RBC were
14 to finance a car ---

15 145. Q. Okay, but they're not selling the car to
16 Chartreuse is what you're saying. They're giving the
17 financing deal to Chartreuse?

18 A. Yes.

19 146. Q. Is that what you mean?

1 A. They'd be giving the finance deal
2 to Chartreuse, but Chartreuse would then take
3 ownership, it would be a lease, right?

4 147. Q. They would take security over the --

5 A. Security over the vehicle.

6 148. Q. -- vehicle is what you're saying?

7 A. Yes. It would be like a lease,
8 lease finance kind of ---

9 149. Q. Was it lease financing? Because that's
10 different?

11 A. Is it different?

12 150. Q. Do you know? Like, the -- there's
13 difference between true leases and a car --

14 A. This would be a ---

15 151. Q. -- and financing transactions.

16 A. It would be a lease with a
17 nominal buy-back because they couldn't finance
18 it them -- because there was some discussion
19 in the beginning whether it should be a
20 finance or a lease and I think they ended up
21 doing it as a lease.

1 152. Q. Was there a standard contract, financing
2 contract? Like, the bank would have a financing
3 contract. Do you have a standard financing contract?

4 A. I don't have it, but they should
5 have it in their records.

6 MS. VINE: Okay, can we get an
7 undertaking?

8 THE DEPONENT: I don't have it. I
9 don't have any of Chartreuse ---

10 MR. SOBLE: For what?

11 BY MS. VINE:

12 153. Q. I want a copy of the financing documents
13 that ExeLand Financial would use. If you say that
14 this started back in 2017, I think that you would
15 have a copy of it because you were still the
16 president at that time.

17 A. But I didn't handle that. I
18 didn't have it.

19 MR. SOBLE: Anything -- we said
20 anything that Hussein has or had for the

1 numbered company has been provided in all the
2 boxes that were delivered today.

3 MS. VINE: Okay.

4 MR. SOBLE: Anything afterwards,
5 again, we can undertake to ask for it and
6 we'll tell you who we asked, but that's the
7 best we can do.

8 BY MS. VINE:

9 154. Q. Okay, I'm just going to get that on the
10 record. Undertaking to provide a copy of the ExeLand
11 Financing documents, because I would think that you
12 would have financing documents for all the
13 transactions that you did with RBC or any other --
14 no, you didn't do -- it wasn't floor plan financing
15 but NextGear, right? You would normally see an
16 application?

17 A. No, for RBC you mean. Yes,
18 there'd be a -- there'd be a -- there would be
19 a deal file.

20 155. Q. Right.

1 A. Right? So even if we sold the
2 car to Chartreuse, right, there should be a
3 deal file in all the files, there should be a
4 copy of a deal file because, like, if I were
5 to sell you a car, there would be a file.

6 It's like this is the car, this is the --

7 156. Q. Credit application.

8 A. -- credit application.

9 157. Q. Exactly.

10 A. Bill of sale and everything.

11 158. Q. So ---

12 A. So there should be a deal file in
13 all the records that are there. Anything --
14 if there is ---

15 159. Q. So there should be ExeLand Financing
16 documents in those records?

17 A. Well, it's not -- ExeLand can't
18 sell a car. ExeLand is the salesperson. It's
19 a commission salesperson, right?

20 160. Q. Okay. So there should Chartreuse financing
21 documents?

1 A. There should be, yes. If not,
2 Ardy would have it then.

3 161. Q. I am going to get -- request an undertaking
4 for the deal files.

5 A. It would be whatever I have, I've
6 given to you. If there's something that is
7 not there, then Ardy would have it.

8 162. Q. Okay.

9 MR. SOBLE: I mean, sorry -- to
10 speed it up in terms of undertakings, I guess
11 -- if it's not there, we can undertake to
12 request that documentation, whatever's missing
13 --

14 MS. VINE: Yeah, no, that's -- we
15 understand that.

16 MR. SOBLE: -- even with ExeLand,
17 Hussein said he's a shareholder, but -- so we
18 can make the request as a shareholder to
19 whatever he's entitled to as a shareholder,
20 but beyond that, we can't undertake to do more
21 than that. But we can tell you who we ask.

1 BY MS. VINE:

2 163. Q. And who is the -- what's the corporate
3 structure of ExeLand? Who's the director, president,
4 do you know?

5 A. I don't remember, to be honest
6 with you. We each had a position, but I don't
7 remember.

8 164. Q. Is this numbered company ExeLand, this is
9 the numbered company that the lease was assigned to
10 which we'll get into later, but do you know if those
11 were the two companies?

12 A. I don't know.

13 MS. VINE: Okay. Do you have any
14 more question on ExeLand?

15 BY MR. MANCHANDA:

16 165. Q. Yes. So the cars that you sold or
17 Chartreuse financed, where were these cars generally
18 bought from and what were the source of funding to
19 buy these cars within 223?

20 A. Can you say that again? The
21 cars?

1 166. Q. So 223 owned certain cars, right? That you
2 either sold ---

3 A. Luxury, yes.

4 167. Q. Luxury owned certain cars that were
5 sold/leased to certain buyers.

6 A. Right.

7 168. Q. And the financing for that was provided by
8 Chartreuse. But when you bought the car initially
9 under 223, where did the money come from to buy those
10 cars?

11 A. From Luxury.

12 169. Q. So, from Luxury's bank account, basically,
13 RBC's loan.

14 A. Yes, correct.

15 170. Q. So RBC's loan was used to buy these cars
16 and then Chartreuse would finance the sale of them?

17 MS. VINE: The purchaser of the car.

18 THE DEPONENT: The purchaser of the
19 car. Yes, so then Chartreuse would pay us the
20 money, that's why when you should me this, I
21 said it should be coming this way, not the

1 other way. So we would sell the car.
2 Basically, we would -- basically Luxury would
3 be selling the car to the customer but it's
4 being financed by Chartreuse --

5 BY MR. MANCHANDA:

6 171. Q. And Chartreuse would pay?

7 A. And Chartreuse would pay us.

8 172. Q. How much ---

9 MS. VINE: Sorry. And Luxury bought
10 that car with money from its RBC bank account?

11 THE DEPONENT: Yes.

12 BY MR. MANCHANDA:

13 173. Q. How much money roughly do you think you
14 collected from Chartreuse?

15 A. How much money did we collect or
16 how many deals did we do?

17 174. Q. How many deals did you do and how much
18 money would that brought -- would that bring in for
19 Luxury cars?

20 A. Well, we did -- we -- I think we
21 had up to 50 cars on the road and 50 cars on

1 the road, I would guess, would be probably, a
2 couple million dollars for sure.

3 175. Q. That's from the period from October 2017 to
4 pre-sale or until today?

5 A. Until today, I would say.

6 176. Q. And all of that money should have gone to
7 the RBC -- 223's RBC account?

8 A. It should have, yes.

9 177. Q. Okay.

10 A. Because Luxury has to buy the
11 car, right? Because it's the -- it can't --
12 their cars can't be purchased by Chartreuse
13 because Chartreuse is not a dealer so they
14 can't purchase any cars. So there should be a
15 bill of sale. Let me just clarify, okay? So
16 there should be a bill of sale that -- there
17 should be a deal file where Luxury goes to the
18 auction or XYZ, wholesale or whatever and buys
19 that car, then turns around and sells it to --

20 -

21 178. Q. To somebody who --

1 A. -- to somebody --

2 179. Q. -- either finances from Chartreuse --

3 A. -- to finance.

4 180. Q. -- or leases it from Chartreuse.

5 A. Yes.

6 181. Q. And at that point, Chartreuse pays ---

7 A. Pays Luxury.

8 182. Q. Okay.

9 BY MS. VINE:

10 183. Q. Around the time of the share sale, the
11 lease gets assigned to another numbered company. The
12 lease for the business premises --

13 A. Yes.

14 184. Q. -- gets assigned to a company called
15 2593619 Ontario Inc.

16 A. Right.

17 185. Q. What were the circumstances surrounding
18 that?

19 A. Well, basically, I sold the
20 company to them, right? So they wanted to
21 hold the lease, right? So they did a new

1 lease with the landlord and they transfer the
2 lease from Luxury into the -- that company.

3 186. Q. Now, you are listed as a director of this
4 company?

5 A. That should be -- actually, that
6 might be -- if I'm a director, that must be
7 the ---

8 187. Q. ExeLand?

9 A. ExeLand.

10 188. Q. Do you want to look at this?

11 A. I'll look at it, but -- I don't
12 know who <0:20:58.0> is. It could be because
13 I see Mo is here, Mo Moradi is on this and
14 Beatrice is also on this. So I'm not sure but
15 it could be.

16 189. Q. Were you involved with the transfer of the
17 lease?

18 A. Involved is a -- like, I agreed
19 to it, yes.

20 MR. MANCHANDA: While he's looking
21 at the corporate profile, to the best of your

1 knowledge, was 223 still operating post-sale
2 up until when it was operating, the Luxury
3 cars?

4 THE DEPONENT: Yes.

5 MR. MANCHANDA: It was operating
6 until when or was it still operating?

7 THE DEPONENT: No, it's --
8 basically, they emptied the place out on that
9 week that you were coming to see it.

10 MR. MANCHANDA: Okay. And did you
11 have any knowledge of that?

12 THE DEPONENT: Of?

13 MR. MANCHANDA: That they're take --
14 they're emptying the place out?

15 THE DEPONENT: No, I did not.

16 BY MS. VINE:

17 190. Q. When you say 'they' who do you mean?

18 A. Ardy and -- because that weekend,
19 like, I don't remember what -- I don't -- if
20 you refresh my memory what date.

21 MR. MANCHANDA: June 15th.

1 THE DEPONENT: June 15th. So we
2 were supposed to meet on Wednesday, right?

3 That week was my daughter's graduation in
4 Ottawa. So I think I told you, right? So I
5 was supposed to go on Saturday after -- early
6 afternoon to go to Ottawa, so they -- on my
7 way from Hamilton, they said they want to meet
8 with me, so we met at Starbucks.

9 BY MS. VINE:

10 191. Q. Who is 'they'?

11 A. Mo, Ardy, and Ardy's father.

12 192. Q. Wait, does Ardy's father have a name?

13 A. <0:23:31.7>. We met at Starbucks
14 and they came and they -- and they both -- the
15 sales for the last four -- you know, four,
16 five months and we sold 20, 30 cars each month
17 and they said we're losing money and we've
18 decided to shut it down -- to shut the place
19 down. And I'm -- it wasn't mine anymore so I
20 couldn't really say anything. I said, 'Well,
21 okay.' They basically told me they're

1 shutting the place down, it wasn't for me to
2 say yes, no, whatever. I go, 'Okay.' And
3 then -- so then I -- right away, I got in the
4 car and I drove to Ottawa and I think I came
5 back on Monday evening on -- then I spoke to
6 you -- we were supposed to meet on Wednesday.

7 So I went there -- not Tuesday, but I went
8 there on Wednesday and there was nothing
9 there. I think we were -- Wednesday or
10 Thursday, we were supposed to meet.

11 MR. MANCHANDA: I don't recall, but
12 it was June 15th, that's a Wednesday or
13 Thursday?

14 THE DEPONENT: I think it was a --
15 but I went there on Wednesday and one day
16 before and all the cars are gone.

17 MR. MANCHANDA: Okay, so ---

18 THE DEPONENT: There was a couple of
19 cars left outside.

20 MR. MANCHANDA: So our meeting was
21 scheduled for Friday, June 15th.

1 THE DEPONENT: Friday, there you go.

2 MR. MANCHANDA: So you went there
3 Thursday, you were saying.

4 THE DEPONENT: Wednesday or Thursday
5 I went there. It was -- and then I called
6 you.

7 MR. MANCHANDA: No, you didn't. I
8 found out when I got there.

9 THE DEPONENT: Or you called me --
10 you got there, yeah. You called me.

11 BY MS. VINE:

12 193. Q. What did you do when you found out the cars
13 were gone?

14 A. What did I do?

15 194. Q. Mm-hmm.

16 A. I was a little shocked that they
17 emptied out so fast. Like, closing down,
18 there's two ways of closing down, there's a --
19 like a -- there's this -- you got a close
20 accounts, you got to move everything out, you
21 got this orderly way of doing it and then

1 there's a -- one day it's there, one day it's
2 not there kind of thing. But it -- all gone.

3 MR. MANCHANDA: Do you know where
4 the cars were moved?

5 THE DEPONENT: They said they sold
6 them, they moved them, sold them.

7 BY MS. VINE:

8 195. Q. They being Mo?

9 A. Mo and ---

10 196. Q. Ardy?

11 A. Mo, yeah.

12 197. Q. Mo?

13 BY MR. MANCHANDA:

14 198. Q. Just to digress a little bit, did Mo ever
15 have any position under 223?

16 A. No.

17 199. Q. Was he a signing officer ever, was he a
18 director officer?

19 A. No.

20 200. Q. He was never a signing officer on the RBC
21 account?

A. No, he was not. Mo was going to become an officer -- he applied to get a licence, a OMVIC licence, so he took his test and everything, but he never followed through.

There was some issues with his licence, but he never followed through with OMVIC for that.

201. Q. So when they told you that they're closing the business and selling all of the cars ---

A. They said they're going to close
the business.

202. Q. That would have had a direct impact on your interest in ExeLand Financial. Did you say anything about that? Because effectively, ExeLand's business ---

A. I -- it was a -- I was in a rush to go to Ottawa and I really didn't -- it was a bit of a shocker to me because they just ordered new signs that week. They had ordered new signs on the building, they changed the signs, they put flags up, right? And they just spent -- they must have spent four,

1 \$5,000.00 for week -- the week before, so it
2 was like a bit of a shocker to me, like, how
3 did they do a bad turn so fast? So I really -
4 - I didn't -- honestly, I didn't expect them
5 to be like empty the place up. Like, yes, you
6 know, the business closes down, okay, no
7 problem. But to empty out like that was,
8 like, very unexpected to me.

9 BY MS. VINE:

10 203. Q. Okay, now you've told us that you ---

11 A. And let me just explain --

12 204. Q. Go ahead.

13 A. -- something about the -- okay,
14 go ahead, no, that's fine.

15 205. Q. You can go ahead.

16 A. You were asking about, you know,
17 how the impact was with Chartreuse, because --
18 what happened with -- what happened with
19 Chartreuse is that, you know, that we couldn't
20 collect payments, automatic payments from
21 customers because we had the -- we had an

1 issue with the pay -- I forget the name of the
2 company -- with the problem with the company
3 collecting automatic payment. So they -- we
4 were doing ten, 15 cars a month in that -- for
5 the Chartreuse thing, so it -- we had an issue
6 with collecting the payments so we put -- like
7 we halted doing any more leases until we could
8 fix that problem. Because it was a very
9 lucrative business, so I -- it was already
10 paused, the Chartreuse business because that
11 was whole thing to -- the reason why I sold it
12 for so little money and transferred it was
13 because that business was going to fix
14 everything up. But they had stopped doing it
15 for about a month now. We didn't do any -- we
16 didn't do any more leases for about a month
17 because we couldn't collect payments, so there
18 is no point to put more people in the system
19 where we couldn't collect the payments.

20 206. Q. Was this a third party payment --

21 A. Yes, it is.

1 207. Q. -- collection provider?

2 A. Yeah, I forget the name of it.

3 Pay something -- but they collect, you know,
4 people -- you know, they get -- you get a void
5 cheque from them and they automatically take
6 the payments out of your account.

7 MR. MANCHANDA: That's a pre-
8 authorized debit.

9 THE DEPONENT: Pre-authorized debit
10 account, yes. Something like that, yeah.

11 BY MS. VINE:

12 208. Q. Okay. Now, you've told us that you didn't
13 -- you resigned as of May 2nd, but we note that on --

14 -

15 MR. SOBLE: March the 2nd.

16 MS. VINE: March 2nd, sorry.

17 MR. SOBLE: It's okay.

18 BY MS. VINE:

19 209. Q. March 2nd. But we know that you signed
20 this engagement letter here on June 4th and you
21 signed it as president.

1 MR. MANCHANDA: This is an
2 engagement letter by RBC appointing MSI's
3 <0:30:39.7> as the consultant to review the
4 financial affairs of 223.

5 THE DEPONENT: I have no choice, I
6 have to sign this. What else am I going to
7 do?

8 MR. MANCHANDA: No, no. I think the
9 question is you've signed it as president of
10 223 when you weren't.

11 THE DEPONENT: That's not my -- this
12 is the thing, the computer one. I was
13 instructed to sign it.

14 MR. MANCHANDA: By?

15 THE DEPONENT: Well, I had no
16 choice.

17 MR. SOBLE: What's the date of the
18 letter, sorry?

19 MR. MANCHANDA: June 4.

20 MS. VINE: It's June 4th.

21 THE DEPONENT: This is ---

1 MR. MANCHANDA: This is when RBC
2 engaged MSI's <0:31:12.9> as the consultant
3 and part of MSI <0:31:17.8> engage was
4 signature from the officer of the company
5 agreement.

6 THE DEPONENT: I was instructed to
7 sign it and send it in so that's what I did,
8 because there was a lot of pressure, sign it,
9 sign it, sign it. I didn't want to sign it
10 and I have to send it -- send it in and it --
11 I had no choice.

12 MR. MANCHANDA: Did you consult with
13 the directors and officers at that date, like,
14 I don't know who is the director and officer
15 of 223 now. Is it Ardy and Mo? Did you
16 consult with them before signing this?

17 THE DEPONENT: I had -- I was
18 instructed to by my lawyer to sign it and send
19 it in because I have no -- because it was a
20 bit of a emergency thing is if you don't sign

1 it then it's going to become worse. That's
2 the reason why I signed it.

3 MS. VINE: So -- but you didn't ---

4 MR. SOBLE: Can we go off the record
5 for a second?

6 MS. VINE: Yes.

7 --- OFF THE RECORD ---

8 --- BACK ON THE RECORD ---

9 MS. VINE: Matt, you can probably
10 just summarize what you just said.

11 MR. SOBLE: Just to explain. Mr.
12 Totonchian signed the document, there may have
13 been confusion at the time and we would have
14 to investigate that a little bit, but there
15 may have been confusion as to the capacity of
16 the signature, but he was the president of the
17 numbered company when RBC entered into its
18 deal and in signing the form with his name on
19 it, I don't think Ardy or Hussein had any
20 consideration of any legal significance of it,
21 just that they both knew Hussein was signing,

1 and thought it was okay. But he certainly,
2 based on the evidence, resigned March the 2nd.

3 BY MS. VINE:

4 210. Q. So following March 2nd, what was your role
5 at 223?

6 A. Well, I would go there once a
7 week, we would have meetings, we'd discuss
8 what's going on in the business, like how many
9 cars we sold, if they -- just generally
10 talking about business, but I wasn't involved
11 in it.

12 211. Q. But you had no interest in 223 at this
13 point?

14 A. You asked me, what do we do with
15 ---

16 212. Q. Right. So you went there once a week and
17 talked about the business.

18 A. Right.

19 213. Q. But you weren't a shareholder, you didn't a
20 position?

1 A. No. We're talking about
2 Chartreuse?

3 214. Q. I'm talking about 223.

4 A. Well, 223 --

5 215. Q. 223 ---

6 A. -- is Chartreuse, like, it was
7 conducting -- Chartreuse was conducting
8 business through ---

9 216. Q. But 223 was still operating following ---

10 A. Yes, of course, because it had
11 the licence.

12 217. Q. Right, Chartreuse held 100 percent of the
13 shares, so ---

14 A. They had the licence, yes.

15 218. Q. Yes, but don't confuse Chartreuse -- like
16 223 was still the operating company. Sure,
17 Chartreuse held all of the shares ---

18 A. Okay. As far as the operating
19 company is I was not involved in anything to
20 do with the operating company and in the day-
21 to-day operation.

1 219. Q. But you also didn't hold any shares in
2 Chartreuse?

3 A. No, I didn't.

4 220. Q. Right.

5 BY MR. MANCHANDA:

6 221. Q. To clarify on this licensing issue that the
7 company -- that 223 has and Chartruese doesn't, does
8 the licence attach to the company or to an
9 individual? Who is the licence issued to, by OMVIC?

10 A. Well, an individual has to be on
11 the licence.

12 222. Q. Who is that individual?

13 A. That was me, Habib is also there.

14 There's a number of people that was on the
15 licence.

16 223. Q. So 223 was using your licence and other
17 people's licence?

18 A. Well, yes, because you need a
19 sales licence. Habib was there, he was the
20 sales person, right? Before that, Beatrice
21 was the person in charge, so when she left and

1 she left in February, I think, February -- no,
2 later. April, March -- April, March, April,
3 when she left. She was the person in charge.
4 So she was doing -- she was signing all the
5 bills of sales and everything. After that,
6 Habib was and then we had a business manager
7 who came and he was working there, but I
8 wasn't involved, I didn't sign any bill of
9 sales. I wasn't involved in anything with
10 day-to-day operations.

11 BY MS. VINE:

12 224. Q. So after the ---

13 A. Even before that, I was very
14 rarely there.

15 225. Q. After the March 2nd sale, chair sale, did
16 you have to transfer any licences because I believe
17 that OMVIC has -- you have to be a shareholder in the
18 company to hold a licence, I believe.

19 A. Yes, that's why tried to get Mo -
20 - to get him licensed so I could transfer him
21 into the ---

1 226. Q. So you can transfer the licence to him?

2 A. Yes, the licensing to him.

3 That's why I was pressing Mo to go get his
4 licence. So he finally got his licence. He
5 finally did the test, passed the test, but
6 there was an issue about his -- there was an
7 issue about his licence that we had to get
8 resolved, but he -- this thing happened and he
9 -- they just let it go.

10 MR. MANCHANDA: So it was still
11 registered under your licence?

12 THE DEPONENT: Yes.

13 MR. MANCHANDA: So I'm assuming
14 OMVIC was not notified of the shares still?

15 THE DEPONENT: No.

16 MR. MANCHANDA: And you got no
17 benefit from 223 post-sale? No salaries, no
18 draws?

19 THE DEPONENT: Nothing.

20 MR. MANCHANDA: No cheques?

21 THE DEPONENT: No.

1 BY MS. VINE:

2 227. Q. But you would have through ---

3 A. I didn't receive anything from --

4 -

5 228. Q. ExeLand.

6 A. Exeland either.

7 229. Q. You didn't?

8 A. No.

9 MS. VINE: Okay, we are now -- which
10 one did you pick first?

11 MR. MANCHANDA: Yes, let's do the
12 transfer of cars.

13 MS. VINE: Okay. I am going to pass
14 to you and mark as an Exhibit 2.

15 --- EXHIBIT NO. 2: Chart of transferred vehicles.

16 MS. VINE: This is a chart of
17 vehicles that have been -- that were
18 transferred and if you look on the price --
19 the first column, the price list, can I see
20 yours? I'll just highlight it, it'll be way
21 easier.

1 MR. SOBLE: Thank you.

2 MR. MANCHANDA: So all of the
3 vehicles that's highlighted and above and then
4 these two vehicles that are highlighted.

5 MS. VINE: And for the record, we're
6 looking at the top column, all the way down,
7 the price to the one marked \$24,288.00.

8 MR. SOBLE: The left column, sorry.

9 MS. VINE: The left column, yes.

10 MR. MANCHANDA: So if you see these
11 listings here?

12 THE DEPONENT: Mm-hmm.

13 MR. MANCHANDA: Let's just focus
14 first on what was transferred to Chartreuse.

15 You'll see about seven vehicles that were
16 transferred to Chartreuse within the month of
17 June, 2018.

18 THE DEPONENT: Okay.

19 MR. MANCHANDA: What we'd like to
20 know is any to the best of your knowledge,
21 what was the sale price of these vehicles to

1 Chartreuse and whether 223 received any
2 consideration from Chartreuse for these
3 vehicles that was deposited into 223's bank
4 account?

5 THE DEPONENT: I don't know.

6 MR. MANCHANDA: Do you know where is
7 Chartreuse operating from right now?

8 THE DEPONENT: No. They said they
9 are going to open up office, but they didn't
10 give me the location, because I did ask them
11 what's going to happen with Chartreuse,
12 because what are we going to do with that,
13 because -- and they said they were going to
14 open up an office, but they haven't given me
15 details of where the office would be.

16 MR. MANCHANDA: Do you have any
17 interest in Chartreuse?

18 THE DEPONENT: I don't have any
19 interest in Chartreuse. I think I said that
20 to you before, right? It's the management
21 company I have interest in.

1 BY MR. MANCHANDA:

2 230. Q. There are other number of vehicles that
3 were transferred just in the month of June and we
4 didn't see any money coming into the RBC account,
5 that is the reason we're asking this question. Now,
6 these vehicles were sold, but there is no money that
7 came to the RBC account.

8 MR. SOBLE: I think Hussein
9 understands your question, but he's already
10 said since March, even before that, he wasn't
11 involved in the day-to-day operations. And
12 since March, he hasn't been privy to all these
13 things, so he's told you he doesn't know.

14 BY MR. MANCHANDA:

15 231. Q. Who was doing the purchasing of the cars?

16 A. Mo.

17 232. Q. Do you have to be a licensed person to do
18 the purchasing?

19 A. Well, he would be directing it
20 and they would sign the bill of sale, right?

21 Mohammad.

1 233. Q. No, I mean -- I meant purchasing when you
2 buy from ---

3 MS. VINE: Inventory.

4 BY MR. MANCHANDA:

5 234. Q. When you buy it from auctions, when you buy
6 it from wholesalers.

7 A. Well, he can't buy directly from
8 auction itself.

9 235. Q. He can?

10 A. He cannot.

11 236. Q. He cannot.

12 A. No.

13 237. Q. So who ---

14 A. Well, Habib would have to sign
15 the bill of sale. Somebody would have to sign
16 the bill of sale, and it would be -- probably
17 have to be Habib because he was the only
18 licensed person in the building.

19 BY MS. VINE:

20 238. Q. Is this post sale?

21 A. Yes.

1 239. Q. Pre ---

2 A. Pre-sale, even before that,

3 Beatrice would be signing the bill of sale or
4 Alex. Beatrice or Alex would be signing the
5 bill of sale if -- when Beatrice and Alex were
6 not there, it would have to be Habib because
7 Mo cannot sign the bill of sale.

8 BY MR. MANCHANDA:

9 240. Q. And you have no knowledge of where these
10 cars would have been moved? I'm sure you stated that
11 before, just for the record again.

12 A. No, I've -- no.

13 MR. MANCHANDA: I'm not sure if
14 there's even a point of showing him.

15 MS. VINE: And we've got nothing
16 after June right?

17 MR. MANCHANDA: Yes, we're only
18 interested in <0:41:44.2>.

19 BY MR. MANCHANDA:

20 241. Q. Now, do you have an inventory of cars that
21 were owned as of March 2nd by 223?

1 A. No, I don't think so.

2 242. Q. Would that be in your records that you gave
3 us?

4 A. Yes, it would be. If it is, it's
5 in there.

6 243. Q. What would you generally keep as part of
7 your records when you buy a car?

8 A. There would be -- like I said,
9 the deal file, right? So like a -- there
10 should be a folder there with all the
11 purchases, wherever the cars came from. So I
12 had a folder and it would be -- and each car
13 would get a stock number and it would be
14 consecutive. So there should be a -- there
15 should be binders in the records that are
16 there -- so there would ---

17 BY MS. VINE:

18 244. Q. I just want to stop you right now. When
19 you left on March 2nd, did you take all the records -
20 - you left all the records there?

1 A. I left all -- everything was
2 there.

3 245. Q. So then what are these records on the car,
4 are these years old?

5 A. So when -- so -- no, these are
6 the records from the beginning that I
7 established the company until March the 2nd
8 according to Ardy. Because then they said to
9 me, 'You got to come and take all of them
10 because we empty -- we've emptied the premises
11 out because you might need it for tax
12 purposes.'

13 246. Q. When was that? When did they ask you to
14 come get the stuff?

15 A. Can you hold on a second, let me
16 just -- it would be sometime maybe last week.
17 It's been sitting in my garage for maybe a
18 week. And then those two big boxes, they
19 called me back, they said, 'There's two more
20 boxes, you got to come and pick these up.' So
21 I went and picked it up because I didn't --

1 because you might need it for tax, you have to
2 keep your records for seven years. So I went
3 and picked it up, put it in my garage.

4 BY MR. MANCHANDA:

5 247. Q. So the cars that were owned, that's at
6 March 2nd?

7 A. It would be -- all of it would be
8 -- it would be in that folder.

9 248. Q. In the folder in your records or it will be
10 with Ardy because he's taken possession of the cars
11 now?

12 A. Yes.

13 249. Q. And he's going to deal with them.

14 A. Right.

15 250. Q. So who would have those records, you or
16 Ardy?

17 A. If I have -- I didn't go through
18 any of the records to see if it's there or not
19 because it was all boxed up. I just took the
20 boxes, put in my car, put in my garage. But
21 there should be folders there that you put all

1 -- that's how I -- that's how I keep bill of
2 sales because I -- if -- sometimes you get
3 audit from OMVIC and when OMVIC to your -- to
4 audit, they want to know who you bought the
5 car from and where did you sell it. We have
6 the bill of sale file who we sold it to but
7 for where we purchased it from, it's easier to
8 keep one folder consecutively on the stock
9 number so it's easier to get -- if you get
10 audited, easier to put the two files in front
11 of it. So that's how I kept it. So there
12 should be a folder, there should be folders
13 where I purchased the cars from and it would
14 be consecutively. And I told them to keep it
15 that way and they were -- I best of my
16 knowledge they were continuing, and then I
17 told them why they need to keep it like this,
18 because if OMVIC comes, it makes their lives
19 easier so they can -- when they audit you.

20 MS. VINE: Let's go off the record.

21 Can we just take a five minute break?

1 MR. SOBLE: Sure.

2 --- OFF THE RECORD ---

3 --- BACK ON THE RECORD ---

4 MS. VINE: We are now going to put
5 to you -- Did I give you a copy of this yet?
6 You have a copy bank account statements and
7 a summary. We will enter this as an exhibit
8 after the other one.

9 MR. MANCHANDA: If you look at the
10 first item on the summary is a \$25,000.00
11 payment.

12 MS. VINE: Sorry, just stop right
13 now. We'll just let you know that this is a
14 summary of the RBC account of 223, okay?

15 THE DEPONENT: Okay.

16 MS. VINE: Go ahead.

17 MR. SOBLE: As of when, sorry?

18 MS. VINE: It's all dated.

19 MR. MANCHANDA: It goes from June of
20 2017 all the way until May of 2018.

1 MR. SOBLE: Okay, so the summary
2 reflects the bank records you've provided? Is
3 that ---

4 MR. MANCHANDA: Yes.

5 MR. SOBLE: Okay.

6 MR. MANCHANDA: So what the summary
7 does is that it totals by parties of how much
8 money was paid to them, so it's not
9 necessarily one cheque it could be.

10 MR. SOBLE: Okay. Perfect.

11 MR. MANCHANDA: The first item is
12 the \$25,000.00 payment to 2593619 which I
13 believe is the company ---

14 BY MS. VINE:

15 251. Q. Yeah, you've said it was the company that
16 held the lease and you said it might be ExeLand?

17 A. Yes.

18 BY MR. MANCHANDA:

19 252. Q. Okay. So if you look your banking details,
20 the second last page, it's the second last
21 transaction, May 11 -- no, you've said to us that

1 there's -- nobody else has signing authority at RBC,
2 did you issue this cheque?

3 A. Did -- well, I -- if it's -- if
4 it's a cheque, I would be the only person
5 signing it, yes.

6 253. Q. Even post-sale?

7 A. Yeah, because I had -- I signed
8 for Luxury.

9 254. Q. So you did not change the signing authority
10 at RBC, you --

11 A. No.

12 255. Q. -- kept on -- you stayed on as signing
13 authority for the RBC's bank account --

14 A. Bank account.

15 256. Q. -- post sale?

16 A. Yes.

17 BY MS. VINE:

18 257. Q. With no role at 223? You just went in and
19 signed cheques?

20 A. There was very few cheques, but I
21 signed cheques, yes. We were going to -- we

1 met with Kevin and we discussed it with him to
2 actually bring Ardy and we actually -- Ardy
3 wanted to get a bigger line of credit because
4 of what we were doing. We explained to him
5 this is how we set the company up and we want
6 to -- we are going to subprime finance deals
7 and we even spoke about -- Ardy said he's
8 going to put up property for a bigger line of
9 credit to secure a bigger line of credit.

10 That's the discussion we had with Kevin.

11 258. Q. Okay.

12 MR. MANCHANDA: There's a certified
13 cheque if you look at the summary, \$54,000.00.

14 I'm going to find it here in a second.

15 MS. VINE: Can we go back to this
16 for one second?

17 BY MS. VINE:

18 259. Q. Do you know what that cheque was for,
19 25,000 to 256259?

20 A. I don't know, I have no idea.

21 260. Q. You don't know?

1 A. I don't remember. Like I said,
2 so many cheques, it's hard to remember them.

3 261. Q. That seems like a big one though.

4 A. Well ---

5 BY MR. MANCHANDA:

6 262. Q. What was business dealing between Luxury
7 and 259?

8 A. Luxury and ---

9 263. Q. So 223, that's Luxury and Sports Car, 259
10 is a company that holds the lease now/ExeLand.

11 A. Exeland.

12 264. Q. What was the business dealings between the
13 two companies?

14 THE DEPONENT: I think we already
15 discussed that, didn't we?

16 MR. MANCHANDA: Is it the 15 percent
17 management fee?

18 THE DEPONENT: That's the -- it is
19 the management company.

20 BY MS. VINE:

1 265. Q. Did that come from 223 or did that come
2 from Chartreuse? Who was responsible for paying
3 that?

4 A. We never got any payment for it.

5 266. Q. So that wasn't payment of that management
6 fee?

7 A. No, it wasn't as far as I -- I've
8 never received a management fee.

9 MR. MANCHANDA: Can we go onto the
10 certified cheque, 54,000? Should be on your
11 second page and your details from the bottom
12 third item. June 30th, 2017. And I don't
13 expect you to recall what it was for but if
14 you do, I would like to know.

15 267.

16 MR. SOBLE: Yes, that one there.

17 THE DEPONENT: Which one is that?

18 MR. MANCHANDA: It's just a
19 certified cheque for \$54,000.

20 MR. SOBLE: June 30th.

21 THE DEPONENT: I have no idea.

1 BY MR. MANCHANDA:

2 268. Q. Now, the second item is payments to
3 Chartreuse, on your summary sheet. So altogether
4 \$62,520.69 that were paid to Chartreuse from 223. Do
5 you have any knowledge or any idea of what these
6 payments were for?

7 A. I have no -- I don't remember.

8 269. Q. So, most recent that were -- if you look at
9 this second last page of your details. Yes, this
10 page -- the last transaction is a cheque to
11 Chartreuse for \$10,786.89. This one here. That
12 seems like a specific number.

13 BY QUESTIONINGLAWYER:

14 270. Q. If you can't recall the specific
15 transaction, can you tell us --

16 A. I don't know.

17 271. Q. why money would be paid to Chartreuse for
18 any reason?

19 A. I don't -- I don't -- I can't see

20 -- like I said, at the beginning, it would be

1 going the other way around. I'm -- I'm -- I
2 don't remember.

3 BY MR. MANCHANDA:

4 272. Q. So, there is no reason for 223 to pay
5 Chartreuse?

6 A. Yeah, there should be no reason.

7 BY MS. VINE:

8 273. Q. And is there also no reason for 223 to pay
9 259619 Ontario Inc.?

10 THE DEPONENT: Well, we've had no --
11 we -- it could be -- it could be for rent
12 because rent is \$12,000.00 I think. It's like
13 -- when -- do you know the date?

14 BY MR. MANCHANDA:

15 274. Q. May 11, 2018.

16 A. When was the lease transferred?

17 Could it be the first and last of the lease?

18 275. Q. I thought the lease was transferred
19 sometime in March of 2018, but don't -- do not quote
20 me on it.

1 A. That would be the only -- the
2 only -- that's the only explanation I could --
3 -

4 MS. VINE: That's the only
5 explanation, okay.

6 THE DEPONENT: -- I could give you.
7 It could be the -- because \$25,000.00, it
8 sounds like first and last is 12 -- with
9 \$12,000.00, \$12,500.00 was the rent, I think,
10 with HST. So, that could be it. And that
11 would be guessing, otherwise, I wouldn't know.

12 MS. VINE: Okay.

13 BY MR. MANCHANDA:

14 276. Q. Just going up a little, two -- two items up
15 on your -- on your summary sheet from Chartreuse it's
16 Bespoke Motorsport? They received a total of
17 \$125,000.00 and \$402.00. What was the business
18 dealing of 223 with Bespoke?

19 A. Bespoke was a -- was a wholesaler
20 that would bring us deals that we would
21 finance for them.

1 277. Q. Okay. And you give them -- why would you
2 pay them 125,000, is it commissions?

3 A. It was to buy the car from them
4 to sell to the customer.

5 278. Q. So, this 125 represent purchase of
6 vehicles?

7 A. Yes.

8 279. Q. On your summary sheet, you'll see there is
9 some dealer plan loans, on your summary sheet.
10 There's one is for 70,000 and approximately, you
11 know, 34. What -- what are these?

12 A. These are, maybe deals that got
13 dealer plan loans that got refunded back where
14 the deal went sour or something like that.

15 280. Q. Who -- who is this dealer plan with? Who
16 is the loan with?

17 A. Like, I'm saying -- let's say we
18 finance a car, but the deal falls through
19 because they had a couple of them with
20 Bespoke, we found out they were -- they were

1 bad deals so they refund -- returned the money
2 back.

3 281. Q. To the dealer?

4 MS. VINE: To, I think ---

5 THE DEPONENT: To us.

6 BY MR. MANCHANDA:

7 282. Q. What's the dealer plan? Pardon me
8 ignorance, I mean, I don't know how the industry
9 works, but what -- what is dealer plan loan? Can you
10 explain that?

11 A. I don't know what dealer plan
12 loan is. That's one of my guesses.

13 BY MS. VINE:

14 283. Q. So just to be clear, is this in the
15 circumstances where there's -- is this -- this is to
16 a finance company?

17 A. Finance company, yes. I would
18 say.

19 284. Q. And they've forwarded the funds, the deal
20 doesn't end up happening, so you just return the
21 funds?

1 A. That's what it is.

2 MR. MANCHANDA: Makes sense. On
3 your summary sheet, you'll see starting from
4 loan 032, there's a number of receipts that
5 223 received. All of these, all of these
6 here.

7 MS. VINE: These are credits now,
8 not debits.

9 BY MR. MANCHANDA:

10 285. Q. This is the money you received, is -- what
11 are these? Are these payments from companies that
12 are financing the vehicle?

13 A. Well, it's got loan numbers,
14 right?

15 286. Q. Mm-hmm.

16 A. So this -- I would -- I would
17 presume these are cars that we financed with
18 other -- with the finance company, so
19 Scotiabank or whatever, RBC or whoever.

20 287. Q. Okay. If you go to the second page of your
21 summary sheet, you'll see a \$29,000.00 payment to

1 Luxury and Sports Cars. This is a transfer to 223's
2 TD account. Just to refresh my memory, were you a
3 signing authority at the TD bank account as well?

4 A. Yes.

5 288. Q. So, why were these monies transferred from
6 RBC to the TD account?

7 A. This is for the transition period
8 that we were -- we talked about when we talked
9 to Kevin again when we told him. And Ardy
10 gave the explanation while we're going through
11 the transition, we opened up a separate bank
12 account so that we -- we want to clean books,
13 make sure everything is paid up before we
14 transfer back, and that's what it was. Maybe
15 we sold a car and it was -- and they -- that's
16 -- that's -- maybe that. I don't remember
17 why, but that's -- basically that's why we set
18 up -- they set up the TD bank account.

19 MS. VINE: So, I'm just a bit
20 confused though because the TD bank account
21 was set up following the sale, but you had no

1 interest in 223 or no position at 223 or no
2 role in 223, but you were still given signing
3 authority on the TD account?

4 THE DEPONENT: Yes, they gave me
5 signing authority. I didn't ask for it, they
6 said we want you -- to put you on this, I said
7 okay.

8 BY MR. MANCHANDA:

9 289. Q. If you look at month of investments because
10 it's a small amount, \$3,000.00. It's the second page
11 of your summary sheet.

12 A. Yes.

13 290. Q. On your -- on your summary sheet. Just
14 underneath Luxury Sports Cars.

15 A. Yes.

16 291. Q. What is that payment for?

17 A. It's I -- I helped my parents
18 out.

19 292. Q. Okay.

1 A. My dad's sick. He's not -- he
2 has to have a nurse, so I him out, and I did
3 it through Luxury.

4 293. Q. And the payment to Michael Lester, 13,000.
5 Do you know who Michael Lester is?

6 A. I don't remember.

7 MS. VINE: You don't remember or you
8 don't know who he is?

9 THE DEPONENT: I don't know ---

10 MS. VINE: You don't know who he is?

11 BY MR. MANCHANDA:

12 294. Q. And then there's a payment to Mohammed
13 Murali (ph), I believe that's Mo Muradi (ph).

14 A. Yes.

15 295. Q. What was this for?

16 A. I don't remember.

17 296. Q. The NextGear <0:59:04.0> 81,000. This is
18 for the operating line that you had with NextGear?

19 A. 781,000

20 297. Q. Well, it's probably in increments --

21 MR. SOBLE: Total.

1 MR. MANDOLA: -- totals, right? It
2 doesn't necessarily mean that you had a line
3 for 781.

4 MR. SOBLE: There's all sorts.

5 THE DEPONENT: Okay.

6 BY MR. MANDOLA:

7 298. Q. This is all sorts of payments --

8 A. This is payments of cars.

9 299. Q. Of course.

10 A. You're right.

11 300. Q. Now, if you look at that \$100,000.00,
12 summary transaction there <0:59:33.3>. Do you know
13 who that is?

14 A. No. It could be, you know, these
15 -- these numbers here. It could be purchases
16 for a car. We would buy cars from people,
17 like, somebody want to sell a car. Sometimes
18 we would buy a car from a private individual.
19 But it should -- on the cheque should be a --
20 a VIN number or it should be some indication
21 of -- of it, some explanation on the cheque.

1 301. Q. The reason I'm asking, it's like a round
2 number. There's a \$50,000.00 cheque to <1:00:34.8>
3 in July of 2017 and I was looking for the next one.

4 A. When was that? July?

5 302. Q. July of 2017. Bear with me for a second.
6 And the next was in August of 2017, so there were
7 two cheques.

8 A. I don't remember.

9 303. Q. Don't remember?

10 A. No.

11 304. Q. Okay. I just want to get an undertaking on
12 this. It's a significant number.

13 MS. VINE: An undertaking to if he
14 recalls?

15 MR. MANCHANDA: Just to find out if
16 he recalls, to find out who this person is.

17 MS. VINE: Let's get an undertaking
18 on the payments made to <1:02:06.2>. Best
19 efforts to determine what those payments were
20 for?

21 MR. SOBLE: Yup.

1 --- UNDERTAKING NO. 12

2 BY MR. MANCHANDA:

3 305. Q. On your summary sheet, you'll see three
4 names down from <1:02:24.9> four names down.

5 Scotiabank, \$7,668.00. What is that for? Is that
6 bank account of Luxury or ---

7 A. No.

8 306. Q. Okay.

9 A. Seventy thousand?

10 307. Q. Yes, that -- that could be ---

11 A. It could be lien payouts, a
12 combination of lien payouts for banks. So, if
13 a customer trade a car in, there would be a
14 lien payout. It could be that.

15 308. Q. Okay. But Luxury Cars did not have --
16 operate an account with Scotiabank?

17 A. No.

18 309. Q. Okay. And then the last item is a payment
19 to you, \$19,000.00 which I ---

20 A. I put some money into the account
21 because it was short.

1 310. Q. Yes.

2 A. And it may have been paid back,
3 that's what it could be.

4 MR. MANCHANDA: Okay. That's all I
5 have on the bank statements.

6 MS. VINE: Okay. Did you have any
7 more? Do you want to take a break and ---

8 THE MR. MANCHANDA: Yeah, let --
9 let's take two minutes.

10 MS. VINE: Let's just take two
11 minutes and we'll make sure we're done.

12 MR. SOBLE: Okay.

13 MS. VINE: And then we may have one
14 question or two and then we'll be done, okay?

15 --- OFF THE RECORD ---

16 --- BACK ON THE RECORD ---

17 THE REPORTER: On the record.

18 MS. VINE: Okay. We're back on and
19 our last question is did -- do you know if 223
20 transferred or sold any vehicles or any other
21 assets to 259 which is ---

1 MR. SOBLE: ExeLand financial
2 agreement.

3 MS. VINE: ExeLand ---

4 THE DEPONENT: No.

5 MS. VINE: No, okay. Those are our
6 questions, we'll adjourn the examination
7 subject to undertakings and any other further
8 questions we may have in writing.

9 MR. SOBLE: Perfect.

10 MS. VINE: Thank you.

11 MR. MANCHANDA: Thank you.

12 THE DEPONENT: Thank you.

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22

23 --- WHEREUPON THE EXAMINATION WAS ADJOURNED AT 1:30

24 P.M.

25

1 I hereby certify that this is the examination of
2 HUSSEIN TOTONCHIAN, taken before me to the best of my
3 skill and ability on the 12th day of July, 2018.

4 -----
5

6 Misha - Court Reporter

7 Reproductions of this transcript are in direct
8 violation of O.R. 587/91 Administration of Justice Act

9 January 1, 1990 and are not certified without the

10 original signature of the Court Reporter

11

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2
3
4 REPORTER'S NOTE:
5

6 Please be advised that any undertakings,
7 objections, under advisements and refusals
8 are provided as a service to all counsel,
9 for their guidance only, and do not purport
10 to be legally binding or necessarily
11 accurate and are not binding
12 upon Upper Canada Court Reporting &
13 Mediations.
14
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17
18

19 I hereby certify the foregoing to be a true
20 and accurate transcription of the
21 above-noted proceedings held before me on
22 the 12th DAY OF JULY, 2018, and taken to the
23 best of my skill, ability and understanding.
24
25

26
27
28 Certified Correct:
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36

Certified Verbatim Report

SHARE PURCHASE AGREEMENT

THIS AGREEMENT made as of the 2 day of March, 2018.

AMONG:

THE HOSSEIN TOTONCHIAN 2012 FAMILY TRUST (the "Vendor")

- and -

HOSSEIN TOTONCHIAN (the "Principal")

- and -

CHARTREUSE BANCORP INC. (the "Purchaser")

- and -

2236715 ONTARIO LIMITED (the "Corporation")

WHEREAS 2236715 Ontario Limited (d.b.a. Luxury and Sports Cars) (the "Corporation") carries on the business of buying and selling motor vehicles (the "Business");

AND WHEREAS the Vendor is the registered and beneficial owner of all of the issued and outstanding shares of the Corporation;

AND WHEREAS the Principal is the sole trustee of the Vendor and the sole director and officer of the Corporation;

AND WHEREAS the Vendor wishes to sell the Purchased Shares (as defined herein) to the Purchaser and the Purchaser desires to purchase all such shares from the Vendor as more particularly described and upon and subject to the terms and conditions hereinafter set forth;

NOW THEREFORE WITNESSETH that in consideration of the covenants, agreements, warranties and payments herein set out and provided for, the Parties hereto hereby respectively covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them in this Section 1.1:

- (a) **"Accounting Records"** means all of the Corporation's books of account, accounting records and other financial data and information, including copies of

filed Tax Returns and tax assessment notices;

- (b) “**Act**” means the *Business Corporations Act* (Ontario);
- (c) “**Agreement**” means this share purchase agreement including all attached schedules, as the same may be supplemented, amended, restated or replaced from time to time;
- (d) “**Annual Financial Statements**” means the unaudited annual financial statements of the Corporation for the fiscal years ended June 30, 2016 and June 30, 2017, each consisting of a balance sheet, income statement;
- (e) “**Applicable Law**” means, with respect to any Person, property, transaction, event or other matter, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, restriction, regulatory policy or guideline, bylaw (zoning or otherwise), or Order or other requirement (including a requirement arising at common law), or any consent, exemption, approval or Licence of any Governmental Authority, that applies in whole or in part to such Person, property, transaction, event or other matter;
- (f) “**Assets**” means all of the assets, real and personal, tangible and intangible, and undertaking of the Corporation;
- (g) “**Benefit Plans**” means all bonus, deferred compensation, incentive compensation, share purchase, share appreciation and share option, severance or termination pay, hospitalization or other medical benefits, life or other insurance, dental, disability, salary continuation, vacation, supplemental unemployment benefits, profitsharing, mortgage assistance, employee loan, employee assistance, pension, retirement or supplemental retirement plan or agreement (including without limitation any defined benefit or defined contribution pension plan and any group registered retirement savings plan), and each other employee benefit plan or agreement (whether oral or written, formal or informal, funded or unfunded) sponsored, maintained or contributed to or required to be contributed to by the Corporation for the benefit of any of the Employees, whether or not insured and whether or not subject to any Applicable Law, except that the term “Benefit Plans” shall not include any statutory plans with which the Corporation is required to comply, including the Canada/Quebec Pension Plan or plans administered pursuant to applicable provincial health tax, workers' compensation and unemployment insurance legislation;
- (h) “**Books and Records**” means the Accounting Records and all books, records, sales and purchase records, lists of suppliers, formulae, business reports and research and development information of the Corporation and plans and projections and all other documents, files, records, correspondence, and other data and information, financial or otherwise, which are relevant to the Corporation, including all data and information stored electronically or on

computer related media, which are in the possession of or subject to the control or direction of the Vendor or the Principal;

- (i) **"Business"** has the meaning assigned thereto in the recitals hereto;
- (j) **"Business Day"** means a day other than a Saturday or Sunday, on which Canadian chartered banks are open for the transaction of domestic business in Toronto, Ontario;
- (k) **"Closing Date"** means March 2, 2018 or such other date as the parties may agree upon;
- (l) **"Closing"** means the completion of all of the transactions contemplated by this Agreement which are to occur contemporaneously at the Time of Closing;
- (m) **"Closing Document"** means any document delivered at or subsequent to the Closing Time as provided in or pursuant to this Agreement;
- (n) **"Collective Agreement"** means any collective agreement, letters of understanding, letters of intent or other written communication with any trade union or association which may qualify as a trade union, which would cover any Employees;
- (o) **"Contracts"** means the contracts, agreements, licence agreements and other obligations of the Corporation including the Equipment Leases and the Lease;
- (p) **"Employees"** means all employees of the Corporation, whether full or part time, and whether permanent, temporary or hired on a contract basis and including those employees absent from work by reason of short or long-term disability, authorized leave of absence and pregnancy, maternity, paternal or parental leave;
- (q) **"Encumbrance"** means any encumbrance of any kind whatever and includes a security interest, mortgage, lien, hypothec, pledge, hypothecation, assignment, charge, trust or deemed trust (whether contractual, statutory or otherwise arising), a voting trust or pooling agreement with respect to securities, an adverse claim or any other right, option or claim of others of any kind whatever affecting the Assets or the Purchased Shares, any covenant or other agreement, restriction or limitation on the transfer of the Purchased Shares other than in the Act and a deposit by way of security;
- (r) **"Environment"** includes the air, surface water, underground water, any land, soil or underground space even if submerged under water or covered by a structure, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matters and living organisms and the environment or natural environment as defined in any Environmental Law and **"Environmental"** shall have a similar extended meaning;

- (s) **"Environmental Laws"** includes all federal, provincial, municipal or local statutes, regulations, bylaws, guidelines, policies or rules, and Orders of any Governmental Authority and the common law, relating in whole or in part to the Environment and includes those laws relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, actual or potential discharge, deposit, spill, leak, pumping, pouring, emission, emptying, injection, escape, leaching, seepage or disposal or disposal (by any means, including dumping, incineration, spraying, pumping, injecting, depositing or burying) of any Hazardous Substances and any laws relating to asbestos or asbestos containing materials in the Environment, in the workplace or in any building;
- (t) **"Equipment"** means all fixed assets and tangible personal property of the Corporation, including all equipment and all fixtures, furniture, furnishings, vehicles, computers, photocopiers, office equipment, implements, tools and spare parts used by the Corporation;
- (u) **"Equipment Leases"** means the leases of personal property;
- (v) **"Financial Statements"** means the Annual Financial Statements and the Interim Financial Statements;
- (w) **"Generally Accepted Accounting Principles"** means accounting standards for private enterprises in Canada as applicable as at the date on which any calculation or determination is required to be made in accordance with such standards;
- (x) **"Governmental Authority"** means any domestic or foreign government whether federal, provincial, state or municipal and any governmental agency, governmental authority, governmental tribunal or governmental commission of any kind whatever;
- (y) **"Hazardous Substances"** means any pollutant, contaminant, waste, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Law, including any that may impair the quality of any waters;
- (z) **"HST"** means all goods and service taxes, sales taxes levied by the federal government of Canada, value added taxes or multistage taxes and all provincial sales taxes integrated with such federal taxes (including the Quebec sales tax), assessed, rated or charged upon the Corporation;
- (aa) **"including"** means "including without limitation" and **"includes"** means "includes without limitation" and each of the terms "including" and "includes" shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it;

- (bb) **"Indemnified Party"** means any Person entitled to indemnification under this Agreement;
- (cc) **"Intellectual Property"** means any domestic and foreign intellectual property rights, including: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) designs, design registrations, design registration applications and integrated circuit topographies; (v) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; and (vi) any other intellectual property and industrial property;
- (dd) **"Knowledge"** means, with reference to any of the representations and warranties of the Vendor and Principal, the actual knowledge of the Principal and the knowledge which the Principal would have if he had conducted a reasonable inquiry with the responsible personnel within the Corporation into the relevant subject matter of such representation and warranty;
- (ee) **"Lease"** means the lease dated _____ made between the Corporation and _____;
- (ff) **"Leased Premises"** means the premises which is governed by the Lease and municipally known as [●];
- (gg) **"Licence"** means any licence, permit, approval, right, privilege, concession or franchise issued, granted, conferred or otherwise created by a Governmental Authority;
- (hh) **"Licensed Intellectual Property"** has the meaning assigned thereto in Section 3.1(bb)(i);
- (ii) **"Loss"** means any and all loss, liability, damage, cost, expense, charge, fine, penalty or assessment, resulting from or arising out of any claim, including the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise relating thereto and all interest, punitive damages, fines and penalties and reasonable legal fees and expenses incurred in connection therewith, including loss of profits and/or consequential damages;
- (jj) **"Material Contracts"** has the meaning assigned to such term in subsection 3.1(p);
- (kk) **"Mortgage Security"** has the meaning assigned to such term in Section 2.5;

- (ll) **"Occupational Health and Safety Acts"** means the *Occupational Health and Safety Act* (Ontario) and all other legislation of any jurisdiction dealing with any of the subject matter of that Act or with any aspect of the health or safety of employees;
- (mm) **"Order"** means any order (draft or otherwise), judgement, injunction, decree, award or writ of any court, tribunal, arbitrator, Governmental Authority, or other Person having jurisdiction;
- (nn) **"Owned Intellectual Property"** has the meaning assigned thereto in Section 3.1(bb)(i);
- (oo) **"Parties"** means the Persons who have executed and are bound by the terms of this Agreement collectively, and **"Party"** means any one of them;
- (pp) **"Pension Plan"** means each of the Benefit Plans that is a "Registered Pension Fund or Plan" as that term is defined in subsection 248(1) of the Tax Act;
- (qq) **"Permitted Encumbrances"** means those registrations made pursuant to the *Personal Property Security Act* (Ontario);
- (rr) **"Person"** shall be broadly interpreted and includes an individual, body corporate, partnership, joint venture, trust, association, unincorporated organization, the Crown, any Governmental Authority or any other entity recognized by law;
- (ss) **"Principal Indebtedness"** means the loan owed by Principal to the Corporation as at the Closing Date, including any costs, prepayment penalties, premiums, consent or other fees and costs in connection with any repayment thereof.
- (tt) **"Proceeding"** shall include any citation, directive, order, claim, litigation, investigation, study, judgement, notice, letter or other communication, written or oral, actual or threatened, from any court or Governmental Authority;
- (uu) **"Purchase Price"** means the purchase price to be paid by the Purchaser to the Vendor for the Purchased Shares as provided in Section 2.1(b);
- (vv) **"Purchased Shares"** means 100 common shares, being all of the common shares held by the Vendor in the capital of the Corporation;
- (ww) **"RBC Closing Indebtedness"** means all indebtedness, as of the AR Commencement Date, together with interest, fees, prepayment premiums and other expenses owed by the Corporation to Royal Bank of Canada in relation thereof, including all accrued and unpaid interest thereon, and any costs, prepayment penalties, premiums, consent or other fees and costs in connection with any repayment thereof;

- (xx) **"Representative"** means each director, officer, employee, agent, solicitor, accountant, professional advisor and other representative of a Party or an Indemnified Party (as defined in Article 5);
- (yy) **"Tax Act"** means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, and the provincial counterparts thereof, as the same may be amended from time to time;
- (zz) **"Taxes and Governmental Charges"** means all taxes and similar governmental charges, including:
 - (i) Canadian federal, provincial, municipal and local, foreign or other income, franchise, capital, real property, personal property, tangible, withholding, payroll, employer health, transfer, sales, use, excise, goods and services (including HST), consumption, antidumping, countervail and value added, employer health, real property and personal property and any other taxes, custom duties, fees, assessments or similar charges in the nature of a tax for which any of the Corporation may have any liability imposed by Canada or any province, municipality, country or foreign government or subdivision or agency thereof, whether disputed or not;
 - (ii) assessments, charges, duties, fees, imposts, levies or other governmental charges and interest, penalties or additions associated therewith;
 - (iii) all Canada Pension Plan contributions, unemployment insurance premiums and workers compensation premiums, together with any instalments with respect thereto; and
 - (iv) any interest, fines and penalties, imposed by any governmental authority (including federal, provincial, municipal and foreign governmental authorities), and whether disputed or not;
- (aaa) **"Tax Returns"** means all reports, returns and other documents filed or required to be filed by the Corporation in respect of Taxes and Governmental Charges or in respect of or pursuant to any domestic or foreign federal, provincial, state, municipal, territorial or other taxing statute; and
- (bbb) **"Time of Closing"** or **"Closing Time"** means 12:01 a.m. on the Closing Date;

1.2 General Interpretation

- (a) **Entire Agreement.** This Agreement, including the Schedules hereto, and the Closing Documents constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof. No supplement, modification, waiver or termination of this Agreement shall be

binding unless executed in writing by the Parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to constitute or shall constitute a waiver of any other provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

- (b) **Applicable 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 therein and shall be treated, in all respects, as an Ontario contract.
- (c) **Determination of Time.** When calculating the period of time within which or following when any act is to be done or steps taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be included. If the last day for calculating such period is a non-business day the period in question shall end on the next Business Day.
- (d) **Interpretation Not Affected by Headings or Party Drafting.** The division of this Agreement into articles, sections, paragraphs, subsections and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules to this Agreement and not to any particular article, section, paragraph, clause or other portion of this Agreement and include any agreement or instrument supplementary or ancillary to this Agreement. *The parties to this Agreement acknowledges that their respective legal counsel have reviewed and participated in settling the terms of this Agreement.*
- (e) **Number and Gender.** This Agreement shall be read with all changes of number and gender as required by the context.

ARTICLE 2 PURCHASE AND SALE OF PURCHASED SHARES

2.1 Purchase and Sale of Purchased Shares

- (a) At the Closing Time on the Closing Date, the Vendor shall sell to the Purchaser all of the Purchased Shares and the Purchaser shall purchase such shares from the Vendor upon and subject to the terms of this Agreement. The completion of the transaction of purchase and sale provided for in this Agreement shall take effect at the Closing Time.
- (b) The purchase price (the "**Purchase Price**") for the Purchased Shares shall be \$100.00.
- (c) The Purchaser shall pay and satisfy the Purchase Price on the Closing Date by cash or cheque.

2.2 Place of Closing

The Closing shall take place at the Time of Closing at the offices of the Purchaser's counsel or at such other place as may be agreed upon by the Vendor and the Purchaser or their respective counsel prior to the Closing Date.

2.3 Payment of RBC Closing Indebtedness

The Vendor and the Principal agree they are, jointly and severally, liable and responsible for the payment of the RBC Closing Indebtedness and the Parties agree to the following arrangements in relation to the payment thereof:

- (a) The Purchaser shall cause the Corporation to use commercially reasonable efforts, with the assistance of the Vendor, to collect any accounts receivable due or accruing due to the Corporation as at November 30, 2017 (the "**AR Commencement Date**") during the 6 month period following the AR Commencement Date (the "**Collection Period**"). The Corporation shall provide to the Vendor within five (5) Business Days at the end of the Collection Period, a collection report showing in reasonable detail the face amounts collected (the "**Collected AR**") and uncollected during such period. The computation shall in the absence of a manifest error be final and binding upon the Parties.
- (b) Within ten (10) Business Days (the "**First Settlement Date**") after the five Business Day period after the Collection Period set out in Section 2.3(a), the Vendor and the Principal shall become, jointly and severally, liable to the Purchaser for the amount, if any, by which the RBC Closing Indebtedness exceeds the Collected AR, which the Vendor and the Principal shall, on the First Settlement Date, pay to the Purchaser by bank draft, wire transfer or other immediately available funds.

2.4 Payment of Principal Indebtedness

The Vendor and the Principal agree they are jointly and severally liable to the Purchaser for any outstanding Principal Indebtedness, which the Vendor and the Principal shall pay forthwith, upon written notice from the Purchaser, to the Corporation by way of bank draft, wire transfer or other immediately available funds.

2.5 Security of Payment by Principal and Vendor

As continuing collateral security for the payment by the Vendor and the Principal of the RBC Closing Indebtedness, the Principal Indebtedness and any Loss indemnified under Section 5.1, on the date hereof subsequent to Closing, the Principal shall cause the Corporation to grant a third mortgage in favour of the Purchaser, incorporating standard charge terms 200033, on the property municipally known as 63 Norbury Drive, Markham, Ontario, L3S 3V2 (bearing the PIN 03736-0065 (LT)) (the "**Mortgage Security**").

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor and the Principal

The Vendor and the Principal, jointly and severally, represent, warrant and covenant to the Purchaser as follows and acknowledges that the Purchaser is relying thereon in connection with its entering into this Agreement and the consummation of the transactions contemplated hereby:

(a) Corporate Status of the Corporation

The Corporation is duly incorporated and organized and is validly subsisting and in good standing under the laws of the jurisdiction of its incorporation. The Corporation has the corporate power to own or lease its property and to carry on the Business, as now being conducted. The Corporation is duly qualified as a corporation to do business and in good standing in each jurisdiction in which the nature of its Business makes such qualification necessary. Complete copies of the Articles of Incorporation and by-laws of the Corporation, together with all amendments thereto have been delivered to the Purchaser. No proceedings have been taken or authorized by the Corporation, the Vendor and the Principal, or to the Knowledge of the Principal, by any other Person, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding-up of the Corporation or reorganization relating to the Corporation.

(b) Due Execution and Enforceability of Agreement and Closing Documents

This Agreement has been and each of the Closing Documents to which the Corporation, the Vendor and the Principal are a party will, on Closing, be duly executed and delivered by them, and this Agreement constitutes and the Closing Documents will on Closing constitute, valid and binding obligations of the Corporation, the Vendor and the Principal, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy laws and other laws of general application relating to creditors' rights or general principles of equity.

(c) Authorized Capital and Issued Capital

The authorized capital of the Corporation consists of an unlimited number of Common shares of which 100 Common shares are issued and outstanding. The issued capital of the Corporation is issued and outstanding as fully paid and non-assessable shares. The Vendor is the registered and beneficial owner of all the issued capital of the Corporation.

(d) Residence of the Vendor

The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

(e) Title to Shares

The Vendor now has, and on Closing, the Purchaser will acquire, good and valid title to the Purchased Shares, free and clear of all Encumbrances. There are no restrictions on the transfer of the Purchased Shares except as set forth in the Articles of Incorporation of the Corporation.

(f) No Options, etc.

No Person other than the Purchaser, has any oral or written agreement, option, warrant, right, privilege or any other right capable of becoming any of the foregoing (whether legal, equitable, contractual or otherwise), for the purchase, subscription or issuance of any unissued shares, voting securities, convertible securities or rights of the Corporation.

(g) Subsidiaries

The Corporation does not (i) have any direct or indirect subsidiaries, (ii) hold, directly or indirectly, any shares or other ownership, equity or proprietary interests in any other Person, or (iii) have any agreement of any nature to acquire, directly or indirectly, any shares or other ownership, equity or proprietary interests in any other Person.

(h) Financial Statements

The Financial Statements:

- (i) have been prepared in accordance with Generally Accepted Accounting Principles, applied on a basis consistent with that of the preceding periods;
- (ii) fairly present the financial position of the Corporation as of their respective dates and the statements of earnings and cash flows contained in the Financial Statements fairly present the revenues, earnings and results of operations for the periods indicated; and
- (iii) are accurate and complete in all material respects and are based upon and are consistent with the Books and Records.

(i) Corporate Records

Complete and accurate records with respect to the issuance, transfer, redemption and cancellation of shares of stock of the Corporation are contained in the register of shareholders of the Corporation respectively. The minute books of the Corporation is complete and accurate in all respects and contain records of all minutes of meetings of and signed resolutions in writing of the shareholders and Board of Directors of the Corporation. The Corporation's register of shareholders and minute books have been made available to the Purchaser.

(j) Absence of Conflicting Agreements

None of the execution and delivery of, the observance and performance by the Vendor or Principal of any covenant or obligation under, this Agreement or any Closing Document, or the Closing:

- (i) contravenes or results in, or will contravene or result in, a violation of or a default under (with or without the giving of notice or lapse of time, or both) or in the acceleration of any obligation under:

- 12 -

- (a) any Applicable Law;
 - (b) any Licence;
 - (c) the constating documents, by-laws, directors or shareholders resolutions of the Corporation;
 - (d) the provisions of any agreement, lease, mortgage, security document, obligation or instrument to which the Vendor, the Principal, or the Corporation is a party, or by which any of them or the Assets are bound or affected;
- (ii) relieves any other party to any Contract of that party's obligations thereunder or enable it to terminate its obligations thereunder; or
 - (iii) results in the creation or imposition of any Encumbrance on the Corporation, the Purchased Shares or any of its Assets.

(k) Required Consents and Approvals

No consent, approval, Licence, Order, authorization, registration or declaration of, or filing (other than routine postclosing notifications or filings) with, any Governmental Authority or other Person (the "**Consents**") is required by the Vendor, the Principal or the Corporation, in connection with (a) the Closing or (b) the execution and delivery by the Vendor and the Principal of this Agreement or the Closing Documents, or (c) the observance and performance by the Vendor's obligations under this Agreement or the Closing Documents.

(l) Liabilities

The Corporation does not have any outstanding claims, liabilities or indebtedness, (including contingent or otherwise), other than liabilities set forth in the Financial Statements or referred to in the notes thereto or liabilities incurred subsequent to November 30, 2017, in the ordinary course of Business which are not in the aggregate material and adverse to the Corporation or the Purchased Shares and which do not violate any covenant contained in this Agreement or constitute a breach of any representation or warranty made in or pursuant to this Agreement and which are reflected in the respective Books and Records of the Corporation. The Corporation is not in default in respect of the terms or conditions of any indebtedness.

(m) Absence of Changes

Since November 30, 2017:

- (i) the Corporation has conducted the Business in the ordinary course;
- (ii) there has not been any change in the accounting principles, policies, practices or procedures of the Corporation;

- 13 -

- (iii) the Corporation has not incurred any debt, obligation or liability (fixed or contingent), except normal trade or business obligations incurred in the ordinary course of business;
 - (iv) the Corporation has not paid or satisfied any obligation or liability (fixed or contingent), except:
 - (A) current liabilities reflected in the Financial Statements;
 - (B) current liabilities incurred in the ordinary course of business; and
 - (C) scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in this Agreement or in the schedules to this Agreement;
 - (v) the Corporation has not created any Encumbrance (other than the Permitted Encumbrances) upon any of its Assets;
 - (vi) the Corporation has not sold, assigned, transferred, leased or otherwise disposed of any of its Assets, except in the ordinary course of business;
 - (vii) the Corporation has not purchased, leased or otherwise acquired any properties or assets, except in the ordinary course of business;
 - (viii) the Corporation has not waived, cancelled or written-off any rights, claims, accounts receivable or any amounts payable to it;
 - (ix) the Corporation has not made any material change in the method of billing customers or the credit terms made available by it to its customers;
 - (x) the Corporation has not suffered any damage, destruction or loss (whether or not covered by insurance) which has materially adversely affected the Business or the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation, taken as a whole;
 - (xi) the Corporation has not increased any form of compensation or other benefits payable or to become payable to any of the Employees including any increase in remuneration payable to the Vendor or the Principal; and
 - (xii) to the Knowledge of the Principal, the Corporation has not suffered any extraordinary loss relating to the Business.
- (n) **Matters Pertaining to Tax and Governmental Charges**
- (i) The Corporation has prepared and filed all Tax Returns with the appropriate Governmental Authorities for all fiscal periods ending prior to the date hereof. Each such Tax Return was correct and complete. True

copies of all Tax Returns prepared and filed by the Corporation during the past three years have been given to the Purchaser on or before the Closing Date. Such Tax Returns correctly reflect the income, expenses, business, assets, operations, activities and status of the Corporation at the time of such filing.

- (ii) The Corporation has paid all Taxes and Governmental Charges due and payable as reflected on its Tax Returns and has paid all assessments and reassessments it has received in respect of Taxes and Governmental Charges. Except for taxes accruing but not yet due and payable in the current period, the Corporation is not liable for any Taxes and Governmental Charges at the date hereof.
- (iii) There are no reassessments of Taxes and Governmental Charges that have been issued and are outstanding and no Governmental Authority has challenged, disputed or questioned the Corporation in respect of Taxes and Governmental Charges or any Tax Returns. The Corporation is not negotiating any draft assessment or reassessment with any Governmental Authority. The Principal has no Knowledge of any contingent liabilities of the Corporation for Taxes and Governmental Charges. The Vendor nor the Principal has received any oral or written communication from any Governmental Authority indicating that an assessment or reassessment is proposed in respect of any Taxes and Governmental Charges. The Corporation has not executed or filed with any Governmental Authority any agreement extending the period for assessment, reassessment or collection of any Taxes and Governmental Charges.
- (iv) The Corporation has withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are nonresidents of Canada for the purposes of the Tax Act, all amounts required by law and will continue to do so until the Closing Time and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Corporation has remitted all Canada Pension Plan contributions, unemployment insurance premiums, employer health taxes and other Taxes and Governmental Charges payable by it in respect of its employees and has or will have remitted such amounts to the proper Governmental Authority within the time required by Applicable Law. The Corporation has charged, collected and remitted on a timely basis all Taxes and Governmental Charges as required by Applicable Law on any sale, supply or delivery whatsoever, made by it.
- (v) The Business is the only business ever conducted by the Corporation.
- (vi) The Corporation has paid all Taxes and Governmental Charges imposed on the acquisition of its tangible personal property and on the receipt of all supplies of goods and services made to it.

- 15 -

- (vii) The Corporation has not disposed of any of the Assets to a related person (as defined in the Tax Act) for proceeds less than the fair market value of that Asset.

(o) Material Contracts

The Corporation has performed all of the obligations required to be performed by it in all material respects and is entitled to all benefits under, and is not in default or alleged to be in default in respect of, any Material Contract to which it is a party or by which it is bound; all such Material Contracts are in good standing and in full force and effect, and no event, condition or occurrence exists or has transpired that, after notice or lapse of time or both, would constitute a default under any of the foregoing or would indicate that any of such Material Contracts may be terminated within the next 120 days.

(p) Absence of Guarantees

The Corporation has given or agreed to give, and is not a party to or bound by, any guarantee of indebtedness or other obligations of third parties nor any other commitment by which the Corporation is, or is contingently, responsible for such indebtedness or other obligations other than as disclosed in the Financial Statements.

(q) Restrictions on Business

The Corporation is not a party to any agreement, lease, mortgage, security document, obligation or instrument, or subject to any restriction in its Articles of Incorporation, its bylaws, its Licences or its directors' or shareholders' resolutions or subject to any restriction imposed by any Governmental Authority or subject to any Applicable Law or Order which could restrict or interfere with the conduct of the Business or the use of the Assets or which could limit or restrict or otherwise adversely affect the Purchased Shares, the Assets or the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation taken as a whole, other than statutory provisions and restrictions of general application to the Business.

(r) Compliance with Applicable Law

The Corporation has conducted and is conducting the Business in compliance in all material respects with all Applicable Laws, and not in material breach of any Applicable Laws. The operation of the Corporation and the conduct of the Business as and where such Business is presently conducted and/or currently contemplated to be conducted, and the relationships among the Corporation and any Person who may provide services to or in conjunction with the Corporation are not in violation of Applicable Laws. The Corporation has not received any written notice of any such violations or of any pending investigation with respect to such matters, the subject of which has not been fully resolved.

(s) Assets and Activities

- (i) The Corporation has good and valid title to all of the Assets free and clear of all Encumbrances other than the Permitted Encumbrances.
- (ii) There is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Corporation of the Business or any part thereof or of any of the Assets of the Corporation, other than agreements or commitments entered into in the ordinary course of business.

(t) Employees

No Employee is employed under a contract which cannot be terminated by the Corporation with or without notice, except for those Employees who are employed on indefinite hiring requiring reasonable notice of termination by Applicable Law. The Corporation is in compliance in all material respects with all Applicable Laws relating to the employment of the Employees, including any obligations relating to employment standards legislation, pay equity legislation, worker's compensation legislation, occupational health and safety legislation, labour relations legislation, and human rights legislation. To the Knowledge of the Principal, there are no material employment standards, pay equity, workers' compensation, occupational health and safety, labour relations or human rights applications, proceedings, investigations, complaints, prosecutions or Orders outstanding, pending or threatened and the Principal is not aware of any state of facts which would provide a valid basis for any of the foregoing. The Vendor has provided the Purchaser with a copy of any pay equity policies or plans in effect. The Corporation has provided the Purchaser with known details of any outstanding obligations, Orders, complaints, investigations, or inquiries, under any applicable pay equity legislation. The Corporation has provided the Purchaser with a copy of all policies and posted directives with respect to human rights policies, procedures, and guidelines. The Corporation has operated in compliance in all material respects with such permits. All vacation pay, bonuses, commissions, termination pay, severance pay and other employee benefit payments of each of the Employees are reflected and have been accrued in the Books and Records.

(u) Collective Agreements

The Corporation is not now, nor has it ever been, a party, either directly or by operation of law, to any Collective Agreement. To the Knowledge of the Principal, there are no threatened or pending union organizing activities involving the Employees.

(v) Occupational Health and Safety

The Vendor has provided the Purchaser with access to all inspection reports under Occupational Health and Safety Acts relating to the Corporation. There are no outstanding inspection Orders nor, to the Knowledge of the Principal, are there any pending or threatened charges made under any Occupational Health and Safety Acts relating to the Corporation. There have been no fatal or critical accidents within the five years. The Corporation has each complied in all material respects with any Orders issued

- 17 -

under Occupational Health and Safety Acts. There are no appeals of any Orders under Occupational Health and Safety Acts relating to the Corporation which are currently outstanding.

(w) Workers' Compensation

There are no notices of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment (collectively, "assessments") or, to the Knowledge of the Principal any other communications related thereto which the Corporation has received from any workers' compensation board or similar authorities in any jurisdictions where the Business is carried on and there are no assessments which are unpaid on the date hereof and to the Knowledge of the Principal, there are no facts or circumstances which may result in an increase in liability to the Corporation from any applicable workers' compensation legislation, regulations or rules after the Closing Time. To the Knowledge of the Principal, the Corporation's accident cost experience relating to the Business is such that there are no pending or possible assessments and there are no claims or potential claims which may adversely affect the Corporation's accident cost experience.

(x) Litigation

There is no claim, demand, suit, action, cause of action, dispute, proceeding, litigation, investigation, grievance, arbitration, governmental proceeding or other proceeding including appeals and applications for review, initiated and in progress against, by or relating to the Corporation, its directors, officers, employees or agents, or to the Assets, nor to the Knowledge of the Principal, are any of the same pending or threatened. There is not at present outstanding against the Corporation any Order that adversely affects it in any material way or that in any way relates to this Agreement or the transactions contemplated in it.

(y) Insurance

The Corporation has not received notice of default with respect to any of the provisions contained in any such insurance policy. For any current material claim that has not been settled or finally determined, the Corporation has not failed to give any notice or present any claim under any such insurance policy in a due and timely fashion such that the insurer would be entitled to terminate coverage or deny liability on any such claim. All such policies of insurance are in full force and effect and the Corporation is in material default, whether as to the payment of premium or otherwise, under the terms of any such policy.

(z) Intellectual Property

- (i)** The Corporation has due and valid licences for all the Licensed Intellectual Property that it is using in the Business. The Corporation has not permitted or licensed any Person to use any of the Owned Intellectual Property.

- 18 -

- (ii) To the Knowledge of the Principal, there is no claim that any products used or sold by the Corporation or any method, advertising, or material that the Corporation employs in the marketing, or sale of any such product, breaches, violates, infringes or interferes with any rights of any Person.

(aa) Real Property and Leased Premises

- (i) The Corporation has not had and does not own or have any rights to real property or interests in real property, of any nature whatsoever, except for the Corporation's occupation of the Leased Premises in accordance with the terms of the Lease.
- (ii) The Lease is valid and enforceable in accordance with its terms. The Corporation will continue to have the exclusive right to occupy and use the Leased Premises referred to thereunder in accordance with the arrangements currently in effect between the Corporation and landlord. The Corporation is not in default of any material obligations under the Lease. To the Principal's Knowledge, the landlord under the Lease is not in default in meeting any of its material obligations under the Lease.

(bb) Environmental Matters

- (i) All operations of the Corporation (including the condition of the Leased Premises and the soil and waters in, on or under the Leased Premises) are now and always have been in compliance in all respects with all applicable Environmental Laws. The Corporation is not, and the Leased Premises have not been or is now subject to any remedial order or judgment relating to compliance with Environmental Laws, nor has any investigation or Proceeding been commenced as to whether any such remedial Order or judgment is necessary nor has any threat of such remedial Order or judgment been made nor are there any circumstances that could result in the issuance of such an order or judgment.
- (ii) The Corporation is not a party to any indemnification agreement or other contractual obligation by which it has agreed to indemnify any third party for liability relating to compliance with or liability under any Environmental Laws or otherwise relating to any liability for Hazardous Substances.

(cc) Equipment Leases

Except for the Equipment Leases, the Corporation is not a party to or bound by any leases of personal property. All of the Equipment Leases are in full force and effect and no default exists on the part of the Corporation, or, to the Knowledge of the Principal on the part of any of the other parties thereto.

(dd) Books and Records

The Vendor has made available to the Purchaser all Books and Records of or relating to the Corporation. Such Books and Records fairly and correctly set out and disclose in all respects the financial position of the Corporation in accordance with good business practice and all financial transactions relating to the Corporation has been accurately recorded in its respective Books and Records. The Books and Records accurately reflect the basis for the financial condition and the revenues, expenses and results of operations of the Corporation shown in its Financial Statements and together with all disclosures made in this Agreement or in the schedules hereto, present fairly the financial condition and the revenues, expenses and results of the operations of the Corporation as of the Closing Date. No information, records or systems pertaining to the operation or administration of the Corporation is in the possession of, recorded, stored, maintained by or otherwise dependent on any other Person.

(ee) No Joint Venture Interests

The Corporation has not nor has it agreed to become, a partner, member, owner, proprietor or equity investor of or in any partnership, joint venture, co-tenancy or other similar jointlyowned business undertaking or to acquire or lease any other business operation and does not have any other significant investment interests in any similar Business owned or controlled by any third party.

(ff) Accounts Receivable

The accounts receivable of the Corporation reflected in its Financial Statements and all accounts receivable of the Corporation arising since [2017] arose from *bona fide* transactions in the ordinary course of business and are valid, enforceable and fully collectible accounts (subject to a reasonable allowance, consistent with past practice, for doubtful accounts as will be reflected in their respective Financial Statements and Accounting Records). Such accounts receivable are not subject to any set-off or counterclaim.

(gg) Suppliers

During the **twelve (12)** month preceding the Closing Date, the Corporation has not had any supplier terminate, or communicate to it in writing or, to the Knowledge of the Principal, verbally, the intention or threat to terminate its relationship with the Corporation, or the intention to substantially reduce the quantity of products or services it sells to the Corporation, except in the case of suppliers whose sales to the Corporation is not, in the aggregate, material to the Business or the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation, taken as a whole.

(hh) Customers

The Vendor has delivered to the Purchaser a true and complete list of all customers of the Corporation as of the date hereof. The Principal has no Knowledge of any facts which could reasonably be expected to result in the loss of any customers or sources of revenue of the Corporation which, in the aggregate, would be material to its Business or the

assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation taken as a whole.

(ii) Restrictions on Doing Business

The Corporation is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any person or in any geographical area or otherwise to conduct its Business as it may determine. To the Knowledge of the Principal, the Corporation is not subject to any legislation or any judgement, order or requirement of any court or governmental authority which is not of general application to persons carrying on a business similar to that carried on by them. To the Knowledge of the Principal, there are no facts or circumstances which could materially adversely affect the ability of the Corporation to continue to operate the Business as presently conducted following the completion of the transactions contemplated by this Agreement.

(ij) Guarantees, Warranties and Discounts

- (i) The Corporation has not given any guarantee or warranty in respect of any of the products sold or the services provided by it, except warranties made in the ordinary course of business in the form of their standard written warranty, a copy of which has been provided to the Purchaser, and except for warranties implied by law;
- (ii) during each of the three (3) fiscal years of the Corporation ended immediately preceding the date of this Agreement, no material claims have been made against it for breach of warranty or contract requirement or negligence or for a price adjustment or other concession in respect of any defect in or failure to perform or deliver any products, services or work; and
- (iii) the Corporation is not required to provide any letters of credit, bonds or other financial security arrangements in connection with any transactions with its suppliers or customers except in respect of contracts for the supply of inventories.

(kk) HST Registration

The Corporation is registered for purposes of Part IX of the *Excise Tax Act* (Canada).

(ll) Interest in Suppliers and Competitors

Neither of the Vendor, the Principal has directly or indirectly, any financial interest in any corporation, firm, association or business organization which is a supplier or competitor of the Corporation.

(mm) Principal Indebtedness

Other than for the amount reflected in the Financial Statements, the Principal Indebtedness is not evidenced by written instrument or security of the Corporation. The amount of the Principal Indebtedness is equal to [approximately \$200,000], and does not bear any interest. The Principal Indebtedness is not subject to any set-off or counterclaim rights, in any circumstance whatsoever.

(nn) **Privacy Matters**

The Corporation has conducted and is conducting the Business in compliance with Applicable Laws relevant to privacy and the protection of personal information.

(oo) **Broker's or Finder's Fees**

No agent, broker, Person or firm acting on behalf of the Vendor, the Principal or the Corporation is, or will be, entitled to any commission or broker's or finder's fees from any of the parties hereto, or from any Person controlling, controlled by or under common control with any of the parties hereto, in connection with any of the transactions contemplated by this Agreement.

(pp) **No Misrepresentations**

None of the foregoing representations and statements of fact contains any untrue statement of material fact or omits to state any material fact necessary to make any such statement or representation not misleading.

3.2 Representations and Warranties of Purchaser

The Purchaser represents and warrants to the Vendor, and acknowledges that the Vendor is relying on such representations and warranties, that the Purchaser is not, and immediately prior to the Closing Time will not be, a non-resident of Canada for the purposes of section 116 of the *Income Tax Act* (Canada), or a non-Canadian within the meaning of the *Investment Canada Act* (Canada).

3.3 Survival of Representations and Warranties

The representations and warranties herein of the Parties shall survive indefinitely.

**ARTICLE 4
COVENANTS**

4.1 Covenants of the Vendor and Principal on Closing

The Vendor and Principal, jointly and severally, covenant and agree with the Purchaser that on or before the Closing Date, and where applicable, thereafter, they will do or cause to be done the following:

- 22 -

- (a) **Delivery of Closing Documentation.** Deliver to the Purchaser at or before the Closing Time duly executed original copies of the following, each of which shall be in a form satisfactory to the Purchaser:
 - (i) a certified copy of a resolution of the director(s) of the Corporation approving the transfer of all Purchased Shares from the Vendor to the Purchaser;
 - (ii) a certified copy of a resolution of the trustee of the Vendor of the approving or authorizing the execution and delivery of this Agreement and the other agreements and documents contemplated hereby;
 - (iii) share certificate(s) representing all Purchased Shares duly endorsed for transfer; and
 - (iv) all such other necessary transfers, assignments and other documentation reasonably required to give effect to the transaction contemplated herein.
- (b) **Resignations.** Deliver resignations from the Principal as President, Secretary and Treasurer of the Corporation, effective on the Closing Date.
- (c) **No Indebtedness.** On the Closing Date the Corporation shall not be indebted to the Vendor, the Principal or to any Person with whom the Corporation or the Vendor and Principal do not deal at arm's length nor shall the Corporation be indebted, either directly or indirectly, to any Person for any matter which is unrelated to the Business.
- (d) **Registration Mortgage on Principal's Property.** The Vendor and Principal shall execute and deliver on Closing, all documentation associated with the Mortgage Security and the registration thereof, in form satisfactory to the Purchaser.

4.2 Purchaser's Covenants on Closing

The Purchaser covenant and agree with the Vendor that on or before the Closing Date and where applicable thereafter they will do or cause to be done the following:

- (a) **Payment of Purchase Price.** The Purchaser shall pay the amount payable by the applicable Purchaser on Closing to the Vendor pursuant to Section 2.1(b).
- (b) **Delivery of Closing Documentation.** Deliver to the Vendor at or before the Closing Time sufficient duly executed original copies of the following:
 - (i) a certified copy of a resolution of the board of directors of the corporate Purchaser approving this Agreement and the transactions contemplated under this Agreement; and
 - (ii) all such other necessary transfers, assignments and other documentation reasonably required to give effect to the transaction contemplated herein.

ARTICLE 5 INDEMNITY

5.1 Indemnification by Vendor and the Principal

The Vendor and the Principal, jointly and severally, indemnify, defend and save harmless the Purchaser and its respective Representatives and their respective successors and assigns from and against any and all Loss suffered or incurred by them, as a direct or indirect result of, or arising in connection with or related in any manner whatever to:

- (a) any misrepresentation or breach of warranty made or given by the Vendor or the Principal in this Agreement, in any Closing Document or in any document delivered pursuant to this Agreement;
- (b) any and all liability for Taxes and Governmental Charges and other claims:
 - (i) arising out of, under or pursuant to any assessment or reassessment for Taxes and Governmental Charges of the Corporation (or relating to the Business or the property of the Corporation) for any taxable period ending on or prior to November 30, 2017; and
 - (ii) attributable to neglect, carelessness or wilful default made or fraud committed in filing a Tax Return or supplying information prior to November 30, 2017 for the purposes of the Tax Act or any other legislation imposing Taxes and Governmental Charges on the Corporation;
- (c) any and all liability relating to or arising from the operation or conduct of the Business or the ownership or use of the Assets or Purchased Shares prior to November 30, 2017; or
- (d) any and all liability relating to or arising from the RBC Closing Indebtedness; or
- (e) any and all liability relating to or arising from the Principal Indebtedness.

The Parties agree that, for the purposes of this Article, any and all Loss suffered or incurred by the Corporation as a direct or indirect result of, or arising in connection with, or related in any manner to the matters referred to in this Section 5.1 shall, dollar-for-dollar, be deemed to be a Loss suffered or incurred by the Purchaser.

5.2 Indemnification by the Purchaser

The Purchaser shall defend and save harmless the Vendor, and its respective Representatives and permitted assigns, from and against any and all Loss suffered or incurred by them, as a direct or indirect result of, or arising in connection with or related in any manner whatsoever to:

- (a) any misrepresentation or breach of any warranty made or given by the Purchaser in this Agreement, in any Closing Document or in any document delivered pursuant to this Agreement or any Closing Document; or
- (b) any failure by the Purchaser to observe or perform in all material respects any covenant or obligation contained in this Agreement.

5.3 Set-Off

If the amount of any Loss or any other amount which by the terms of this Agreement becomes due and payable by the Vendor or the Principal, to the Purchaser, is not paid when due, the Purchaser shall be entitled, without in any way limiting the Purchaser's other remedies under this Agreement, to set-off against and deduct from any monies, indebtedness or other obligations that may at any time or from time to time be payable or owing to the Vendor or the Principal any amount due and payable by the Purchaser. The Purchaser agrees to provide the Vendor and Principal with thirty (30) days prior written notice of their intention to rely upon their rights under this Section 5.3. Such notice shall include a description of the claim or liability payable or owing to the Purchaser pursuant to this Article and the basis on which the Purchaser claims its rights hereunder.

5.4 Rights in Addition

The rights of indemnity set forth in this Article 5 are in addition and supplemental to any other rights, actions, claims or causes of action which may arise in respect of this Agreement, any Closing Document and the transactions contemplated hereby.

ARTICLE 6 GENERAL

6.1 Expenses

Each Party shall pay all expenses it incurs in authorized, preparing, executing and performing this Agreement and the transactions contemplated hereunder, whether or not the Closing occurs, including all fees and expenses of its legal counsel, bankers, brokers, accountants or other representatives or consultants.

6.2 Announcements

No announcements with respect to this Agreement will be made by any Party without the prior approval of the other Parties. The foregoing will not apply to any announcement by any Party required in order to comply with laws pertaining to timely disclosure, provided that such Party consults with the other parties before making any such announcement.

6.3 Time of the Essence

Time shall be of the essence hereof.

6.4 Notices

Any notice, demand or other communication (hereinafter in this Section 6.4 called a "notice") required or permitted to be given to a Party hereunder shall be in writing and shall be: (a) personally delivered to such Party or a responsible officer of such Party; (b) except during a period of strike, lockout or other postal disruption, sent by registered mail, postage prepaid; or (c) sent by telex, telegraph, facsimile or other form of recorded communication, charges prepaid, confirmed by prepaid registered mail. Any notices given pursuant to clauses 0 and 0 hereof shall be sent to the Parties at their respective addresses set out below:

- (a) in the case of a notice to the Vendor and Principal at:

Hossein Totanchian
63 63 Norbury Drive,
Markham, ON

Telephone Number:

- (b) in the case of a notice to the Purchaser addressed to it at:

Attention: Ardy Khavari
Chartreuse Bancorp Inc.
18 Dupont Street,
Toronto, ON M5R 1V2

Facsimile Number:

with a copy to:

Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Attention: John Polyzogopoulos

or at such other address as the Party to whom such notice is to be given shall have last notified to the Party giving the same in the manner provided in this Section 6.4. Any notice given by personal delivery shall be deemed to be given and received on the date of delivery provided that if such day is not a Business Day, then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice given by mail as aforesaid shall be deemed to have been given and received on the fourth Business Day next following the date of its mailing provided no postal strike is then in effect or comes into effect within four Business Days after such mailing. Any notice given by facsimile as aforesaid shall be deemed to be given and received by the Business Day that the facsimile is sent.

6.5 Assignment

Neither this Agreement nor any rights or obligations hereunder shall be assignable by any Party without the prior written consent of the other Parties. Subject thereto, this Agreement shall

- 26 -

enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors (including, without limitation, any successor by reason of the amalgamation of any Party) and permitted assigns.

6.6 Further Assurances

Each Party hereby agrees that it/he will do all such acts and execute all such further documents, conveyances, deeds, assignments, transfers and the like, and will cause the doing of all such acts and will cause the execution of all such further documents as are within its/his power as the other Party may in writing from time to time reasonably request be done and/or executed, in order to consummate the transactions contemplated hereby or as may be necessary or desirable to effect the purpose of this Agreement or any document, agreement or instrument delivered pursuant hereto and to carry out their provisions or to better or more properly or fully evidence or give effect to the transactions contemplated hereby, whether before or after the closing.

6.7 Counterparts

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

[SIGNING PAGE FOLLOWS]

IN WITNESS WHEREOF this Agreement has been executed on the date first above written.

THE HOSSEIN TOTONCHIAN 2012 FAMILY TRUST

By: H. Totonchian.
Name: Hossein Totonchian
Title: Trustee

Shima Moradi
Witness
HOSSEIN TOTONCHIAN

CHARTREUSE BANCORP INC.

By: Ardavan Khavari
Name: Ardy Khavari
Title:

2236715 ONTARIO LIMITED

By: Hossein Totanchian
Name: Hossein Totanchian
Title: President

**RESOLUTIONS OF THE DIRECTORS OF
CHARTREUSE BANCORP INC.
(the "Corporation")**

WHEREAS the directors of the Corporation have determined that it is in the best interests of the Corporation to purchase all of the issued and outstanding shares in the capital of 2236715 ONTARIO LIMITED (the "**Target**") pursuant to the terms of the **Share Purchase Agreement** dated March 5, 2018 (the "**Share Purchase Agreement**") between The Hossein Totonchian 2012 Family Trust (as vendor), Hossein Totonchian (as principal of the vendor), the Corporation (as purchaser) and the Target;

NOW THEREFORE BE IT RESOLVED THAT:

1. the execution, delivery and performance of the Share Purchase Agreement and all ancillary documents and transactions contemplated thereunder, be and the same are hereby ratified, approved, sanctioned and confirmed;
2. any officer or director of the Corporation is hereby authorized to execute and deliver all such other documents and to do all such other acts and things as may be necessary or desirable to give effect to the foregoing resolutions.
3. these resolutions may be signed in several counterparts each of which when executed shall be deemed to be an original, and such counterparts shall each constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out below; and
4. the execution and delivery of a facsimile or email transmission of these resolutions shall constitute delivery of an executed original and shall be binding upon the directors whose signatures appear on the transmitted copy.

THE UNDERSIGNED, being the directors of the Corporation, hereby signs the foregoing resolutions in accordance with the provisions of the *Business Corporations Act* (Ontario).

DATED the 5th day of March, 2018

Ardavan Khavari 

ARDY KHAVARI



MOHAMMAD MORADI

ACKNOWLEDGMENT AND DIRECTION

TO: BLANEY McMURTRY LLP
("Blaneys")

RE: Collateral Charge/Mortgage secured against 63 Norbury Drive, Markham,
Ontario

THE UNDERSIGNED HEREBY CONFIRMS that he has reviewed the information attached and confirms this information is accurate and hereby authorizes and directs you to sign and register electronically on his behalf a Charge/Mortgage in the form attached.

THE UNDERSIGNED HEREBY ACKNOWLEDGES that the effect of the electronic document described in this Acknowledgment and Direction has been fully explained to him by his solicitor and he understands that he is a party to and bound by the terms and provisions of this electronic document to the same extent as if he had signed this document.

THE UNDERSIGNED HEREBY FURTHER ACKNOWLEDGES that he is in fact the party named in the electronic document described herein and has not misrepresented his identity to you.

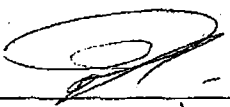
THE UNDERSIGNED HEREBY AUTHORIZES you to make any minor, non-material alterations that may be required by the Land Registry Office to effect certification of the electronic document described in this Acknowledgement and Direction by the Land Registry Office.

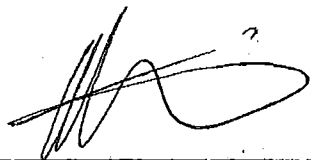
THE UNDERSIGNED CONFIRMS execution of this Acknowledgement and Direction by facsimile or e-mail transmission shall be binding upon the undersigned and his heirs, executors, administrators, successors and assigns and may be relied upon by you as if it was an original.

IN THE EVENT of any investigation by the Director of Titles appointed under subsection 9(1) of the *Land Titles Act* (the "Director") regarding suspected fraudulent or unlawful activity or registration in connection with the document attached to this Acknowledgment and Direction, the undersigned hereby consents to you releasing to the Director a true copy of this Acknowledgment and Direction upon request by the Director.

DATED this 02 day of March, 2018.

Witness:


mohammad moradi


Hossein Totonchian

CANADA

PROVINCE OF ONTARIO

TO WIT:

) IN THE MATTER OF lost Share Certificate
) Nos. 2, 5 and 6 registered in the name of The
) Hossein Totonchian 2012 Family Trust
) representing 40, 25 and 35 Common shares in
) the capital of 2236715 Ontario Limited,
) respectively
)
)

DECLARATION OF LOSS

I, Hossein Totonchian, of the City of Markham, in the Province of Ontario,

SOLEMNLY DECLARE THAT:

1. The Hossein Totonchian 2012 Family Trust (the "Trust") is the beneficial and registered owner of one hundred (100) Common shares of 2236715 Ontario Limited (the "Corporation"), collectively represented by Certificate Nos. 2, 5 and 6 (the "Certificates");
2. I am a trustee of the Trust and have the authority to provide this Declaration.
3. The Certificates have been lost;
4. The Certificates and the shares represented by them have not been sold, assigned, transferred, hypothecated, pledged, delivered as a gift or otherwise encumbered or disposed of, nor was the Certificate endorsed at the time they were lost;
5. I request that the Corporation issue a single new certificate to replace the Certificate,

AND I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath.

I intend this statutory declaration to be a solemn declaration under the *Canada Evidence Act* and any similar legislation that may be applicable.

Witness

Mohammad MORADI

Hossein Totonchian
Hossein Totonchian,
As Trustee of and for The Hossein
Totonchian 2012 Family Trust

RESIGNATION

TO: 2236715 ONTARIO LIMITED
(the "Corporation")

AND TO: THE DIRECTOR(S) THEREOF

I hereby tender my resignation as President, Secretary and Treasurer of the above-noted Corporation, the same to take effect immediately.

This resignation may be executed by original, facsimile signature or PDF copy.

DATED this 2nd day of March, 2018.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above a horizontal line.

Hossein Totonchian

**RESOLUTIONS
OF THE SOLE DIRECTOR
OF
2236715 ONTARIO LIMITED
(the "Corporation")**

WHEREAS the Hossein Totonchian 2012 Family Trust (the "**Vendor**") is the legal and beneficially owner of One Hundred (100) Common Shares in the capital of the Corporation;

AND WHEREAS the Vendor, Hossein Totonchian (the "**Principal**"), and Chartreuse Bancorp Inc. (the "**Purchaser**") and the Corporation entered into a share purchase agreement dated March 2, 2018 (the "**Share Purchase Agreement**") in connection with the sale of 100 Common Shares by the Vendor to the Purchaser;

NOW THEREFORE BE IT RESOLVED THAT:

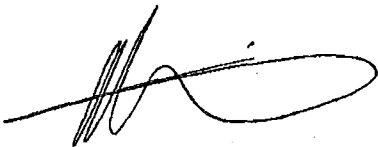
1. The following transfers of shares in the capital of the Corporation are consented to:

Transferor	Transferee	Number and Class of Shares
The Hossein Totonchian 2012 Family Trust	Chartreuse Bancorp Inc.	100 Common Shares

2. any officer or director of the Corporation be and he is hereby authorized and directed to record the aforesaid share transfers on the books of the Corporation, to cancel the share certificates issued in respect of such transferred shares, and to issue a new certificate to each respective Purchaser, noted above, for the number of common shares noted above.
3. these resolutions may be signed in several counterparts each of which when executed shall be deemed to be an original, and such counterparts shall each constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out below; and

THE UNDERSIGNED, being the sole director of the Corporation, hereby signs the foregoing resolutions in accordance with the provisions of the *Business Corporations Act* (Ontario).

DATED the 2nd day of March, 2018



Hossein Totonchian

RECEIPT

TO: CHARTREUSE BANCORP INC. (the "Purchaser")

RE: Share Purchase Agreement dated March 2, 2018 between the Purchaser, Hossein Totanchian, 2236715 Ontario Limited and the undersigned (the "Share Purchase Agreement")

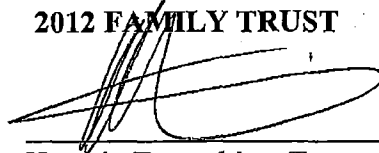
Capitalized terms used herein have the meanings ascribed thereto in the Share Purchase Agreement;

The execution and delivery of a facsimile or email transmission of this receipt shall constitute delivery of an executed original and shall be binding upon the directors whose signatures appear on the transmitted copy.

THE UNDERSIGNED hereby acknowledges receipt of the aggregate amount of One Hundred Dollars (\$100), representing the Purchase Price, paid in accordance with the Share Purchase Agreement.

DATED as of the 2nd day of March, 2018.

**THE HOSSEIN TOTONCHIAN
2012 FAMILY TRUST**



Hossein Totonchian, Trustee

LRO # 65 Charge/Mortgage

In preparation on 2018 02 28 at 13:58

This document has not been submitted and may be incomplete.

yyyy mm dd Page 2 of 2

Additional Provisions

This Charge/Mortgage is collateral to the obligations of the Chargor and The Hossein Totonchian 2012 Family Trust under a Share Purchase Agreement dated March XX, 2018 between, inter alia, the Chargor and the Chargee. In the event of inconsistency between any of the provisions of this Charge/Mortgage and any provisions of the Share Purchase Agreement, the provisions of the Share Purchase Agreement shall prevail.

Interest shall accrue at a rate equivalent to the interest rate applicable to the operating loan between Royal Bank of Canada and 2236718 Ontario Limited.

The principal amount outstanding under this Charge/Mortgage may be prepaid in whole or in any part at any time or times without notice.

Any default under any other Charge/Mortgage granted by the Chargor in respect of the Properties, as noted on page 1 of the Charge/Mortgage, shall constitute default under this Charge/Mortgage.

File Number

Chargee Client File Number :

1114180006

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 2

Properties

PIN 03736 - 0065 LT **Interest/Estate** Fee Simple
Description PCL 65-1, SEC 65M2999 ; LT 65, PL 65M2999 , S/T LT1017728 ; MARKHAM S/T RIGHT
IN FAVOUR OF PEARGATE ESTATES INC. UNTIL COMPLETE ACCEPTANCE OF THE
SUBDIVISION BY THE TOWN OF MARKHAM, AS IN LT1156064.
Address 63 NORBURY DRIVE
MARKHAM

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name TOTONCHIAN, HOSSEIN
Acting as an individual
Address for Service 63 Norbury Drive
Markham, Ontario
L3S 3V2

I am at least 18 years of age.

TOTONCHIAN, TANA is my spouse and has consented to this transaction.

This document is not authorized under Power of Attorney by this party.

Chargee(s)**Capacity****Share**

Name CHARTREUSE BANCORP INC.
Acting as a company
Address for Service 18 Dupont Street
Toronto, Ontario
M5R 1V2

Provisions

Principal \$ 800,000.00 **Currency** CDN
Calculation Period
Balance Due Date On Demand
Interest Rate See Schedule
Payments
Interest Adjustment Date
Payment Date
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount full insurable value
Guarantor

the liability of the Chargor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Chargor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Guarantor; provided, nevertheless, that the Guarantor shall not be entitled in any event to seek for payment against the funds in competition with the Chargee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

- (d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as a Guarantor of such covenants, liabilities and obligations shall be joint and several.
- (e) The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the Guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

Survivability 26. It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with provisions of any applicable statute, regulation or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then, such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

Interpretation 26. In construing these covenants the words "Charge", "Chargee", "Chargor", "and" and "successor" shall have the meanings assigned to them in Section 1 of the *Local Registration Reform Act* and the words "Chargor" and "Chargee" and the personal pronouns "he" and "his" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargees", "Chargee" or "Chargees", and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargees, Chargee or Chargees, shall be equally secured to and enforceable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. The word "successor" shall also include successors and assigns of corporations including amalgamated and continuing corporations. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargees, Chargee or Chargees, shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.

Paragraph headings 27. The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

Date of Charge 28. The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge.

Effect of Delivery of Charge 29. The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

DATED this 1st day of November, 2007
(year)

DYE & DURHAM CO., INC.
By its solicitors, HOOEY - REMUS

Per: BMR
Name: BRI L. Remus
Title: Partner

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200033 Date

before maturity the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.

- Building Charge** 18. If any of the principal amount to be advanced under the Charge is to be used to finance an improvement on the land, the Chorgor must so inform the Chargee in writing immediately and before any advances are made under the Charge. The Chorgor must also provide the Chargee immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. The Chorgor agrees that any improvement shall be made only according to contracts, plans and specifications approved in writing by the Chargee. The Chorgor shall complete all such improvements as quickly as possible and provide the Chargee with proof of payment of all contracts from time to time as the Chargee requires. The Chargee shall make advances (part payments of the principal amount) to the Chorgor based on the progress of the improvement, until either completion and occupation or sale of the land. The Chargee shall determine whether or not any advances will be made and when they will be made. Whenever the purpose of the Charge may be, the Chargee may at its option hold back funds from advances until the Chargee is satisfied that the Chorgor has complied with the holdback provisions of the *Construction Lien Act* as amended or re-enacted. The Chorgor authorizes the Chargee to provide information about the Charge to any person claiming a construction lien on the land.
- Extension not in Prejudice** 19. No extension of time given by the Chargee to the Chorgor or anyone claiming under him, or any other dealing by the Chargee with the owner of the land or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chorgor or any other person liable for the payment of the money secured by the Charge, and the Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to deliver for registration any such agreement in order to retain priority for the Charge so stated over any instrument delivered for registration subsequent to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chorgor.
- No Merger of Covenants** 20. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and times provided for in the Charge; and further that any judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the judgment shall have been fully paid and satisfied.
- Change in Status** 21. Immediately after any change or happening affecting any of the following, namely: (a) the spousal status of the Chorgor, (b) the qualification of the land as a family residence within the meaning of Part II of the *Family Law Act*, and (c) the legal title or beneficial ownership of the land, the Chorgor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the land and of any spouse who is not an owner but who has a right of possession in the land by virtue of Section 19 of the *Family Law Act*. In furtherance of such intention, the Chorgor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.
- Condominium Provisions** 22. If the Charge is of land within a condominium registered pursuant to the *Condominium Act* (the "Act") the following provisions shall apply. The Chorgor will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the "corporation") relating to the Chorgor's unit (the "unit") and provide the Chargee with proof of compliance from time to time as the Chargee may request. The Chorgor will pay the common expenses for the unit to the corporation on the due dates. If the Chargee decides to collect the Chorgor's contribution towards the common expenses from the Chorgor, the Chorgor will pay the same to the Chargee upon being so notified. The Chargee is authorized to accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due. The Chorgor, upon notice from the Chargee, will forward to the Chargee any notices, assessments, by-laws, rules and financial statements of the corporation that the Chorgor receives or is entitled to receive from the corporation. The Chorgor will maintain all improvements made to the unit and repair them after damage. In addition to the insurance which the corporation must obtain, the Chorgor shall insure the unit against destruction or damage by fire and other perils usually covered in fire insurance policies and against such other perils as the Chargee requires for its full replacement cost (the maximum amount for which it can be insured). The insurance company and the terms of the policy shall be reasonably satisfactory to the Chargee. This provision supersedes the provisions of paragraph 18 herein. The Chorgor irrevocably authorizes the Chargee to exercise the Chorgor's rights under the Act to vote, consent and dissent.
- Discharge** 23. The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge to deliver for registration a discharge or if so requested and if required by law to do so, an assignment of the Charge and all legal and other expenses for preparation, execution and registration, as applicable to such discharge or assignment shall be paid by the Chorgor.
- Guarantee** 24. Each party named in the Charge as a Guarantor hereby agrees with the Chargee as follows:
- In consideration of the Chargee advancing all or part of the Principal Amount to the Chorgor, and in consideration of the sum of TWO DOLLARS (\$2.00) of lawful money of Canada now paid by the Chargee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Chargee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Chorgor, and the Guarantor, for himself and his successors, covenants with the Chargee that, if the Chorgor shall at any time make default in the due and punctual payment of any moneys payable hereunder, the Guarantor will pay all such moneys to the Chargee without any demand being required to be made.
 - Although as between the Guarantor and the Chorgor, the Guarantor is only surety for the payment by the Chorgor of the moneys hereby guaranteed, as between the Guarantor and the Chargee, the Guarantor shall be considered as primarily liable therefor and it is hereby further expressly declared that no release or release of any portion or portions of the land; no indulgence shown by the Chargee in respect of any default by the Chorgor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Chargee to the Chorgor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained as is done, obtained or performed by the Chorgor or any successor thereof; no variation in or departure from the provisions of the Charge; no release of the Chorgor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said moneys are fully paid and satisfied.
 - Any payment by the Guarantor of any moneys under this guarantee shall not in any event be taken to affect

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE

Form No. 2000.33 Cote

one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the land or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid sums shall be paid as required by law. The Chargee may sell any of the land on such terms as to credit and otherwise as shall appear to him most advantageous and for such price as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

- 10. Upon default in payment of principal and interest under the Charge or in performance of any of the terms or conditions hereof, the Chargee may enter into and take possession of the land hereby charged and where the Chargee so enters on and takes possession or enters on and takes possession of the land on default as described in paragraph 9 herein the Chargee shall enter into, have, hold, use, occupy, possess and enjoy the land without the let, suit, hindrance, interruption or delay of the Chargor or any other person or persons whomsoever.**
- 11. If the Chargor shall make default in payment of any part of the interest payable under the Charge at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.**
- 12. From and after default in the payment of the principal amount secured by the Charge or the interest thereon or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then and in every such case the Chargor and all and every other person whosever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the land shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer, execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered, all and every such further and other reasonable act or acts, deed or deeds, devians, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the land unto the Chargee as by the Chargee or his collector shall or may be lawfully and reasonably devised, advised or required.**
- 13. In default of the payment of the interest secured by the Charge the principal amount secured by the Charge shall, at the option of the Chargee, immediately become payable, and upon default of payment of instalments of principal promptly as the same mature, the balance of the principal and interest secured by the Charge shall, at the option of the Chargee, immediately become due and payable. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.**
- 14. If the Chargor sells, transfers, disposes of, leases or otherwise deals with the land, the principal amount secured by the Charge shall, at the option of the Chargee, immediately become due and payable.**
- 15. The Chargee may at his discretion at all times release any part or parts of the land or any other security or any surety for the money secured under the Charge either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the land or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the land is or may hereafter be divided does and shall stand charged with the whole money secured under the Charge and no person shall have the right to require the mortgage monies to be apportioned.**
- 16. The Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings on the land to the amount of not less than their full insurable value on a replacement cost basis in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether new or hereafter erected on the land, and such insurance shall include not only insurance against loss or damage by fire but also insurance against loss or damage by explosion, burst, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies including "all risks" insurance. The covenant to insure shall also include where appropriate or if required by the Chargee, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Chargee. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least fifteen (15) days before the expiration thereof; otherwise the Chargee may provide therefor and charge the premium paid and interest thereon at the rate provided for in the Charge to the Chargor and the same shall be payable forthwith and shall also be a charge upon the land. It is further agreed that the Chargee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Chargee and also of his own accord may effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be payable forthwith by the Chargor with interest at the rate provided for in the Charge and shall also be a charge upon the land. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.**
- 17. The Chargor will keep the land and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent enter upon and inspect the land and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the land prior to all claims thereon subsequent to the Charge. If the Chargor shall neglect to keep the buildings, erections and improvements in good condition and repair, or commits or permits any act of waste on the land (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisions, agreements or conditions contained in the Charge or in any charge to which this Charge is subject, all monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest as in the case of payment**

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE

Filing No. 200033 Date

Page 1

Land Registration Reform Act

DNE & CORRIGENDUM
Form No. 3025SET OF STANDARD CHARGE TERMS
(STANDARD CHARGES TERMS FILING)
CLAUSES TYPES DE CHARGEFiling No. 200033 DateFiling Date APR 30 1999 Date de DépôtPage 1 of 10 4 PagesFiled by
Dye & Durham Co. Inc.

Filing Date:

Filing number:

Director of Land Registration
DIRECTOR OF LAND REGISTRATION

The following Set of Standard Charge Terms shall be applicable to documents registered in electronic format under Part III of the Land Registration Reform Act, R.S.O. 1990, c. L4 as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this Set of Standard Charge Terms is referred to by its filing number as provided in Section 9 of the Land Registration Reform Act, except to the extent that the provisions of this Set of Standard Charge Terms are modified by additions, amendments or deletions in the schedule. Any change in an electronic format of which this Set of Standard Charge Terms forms a part by reference to the above-noted filing number in such charge shall hereinafter be referred to as the "Charge".

- | | |
|----------------------------------|---|
| Exclusion of Statutory Covenants | 1. The implied covenants deemed to be included in a charge under subsection 7(1) of the Land Registration Reform Act as amended or re-enacted are excluded from the Charge. |
| Right to Charge the Land | 2. The Chargor now has good right, full power and lawful and absolute authority to charge the land and to give the Charge to the Chargee upon the covenants contained in the Charge. |
| No Act to Encumber | 3. The Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the land, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose. |
| Good Title in Fee Simple | 4. The Chargor, at the time of the delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the land and the premises described in the Charge and in every part and parcel thereof without any manner of trusts, reservations, limitations, provisions, conditions or any other matter or thing to stir, charge, change, encumber or defect the same, except those contained in the original grant thereof from the Crown. |
| Promise to Pay and Perform | 5. The Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in the Charge and shall pay as they fall due all taxes, rates, levies, charges, assessments, utility and heating charges, municipal, local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the land and when required shall produce for the Chargee receipts evidencing payment of the same. |
| Interest After Default | 6. In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well as before maturity, and both before and after default and judgment, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within the interest calculation period provided in the Charge from the time of default a reset shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well as after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the land. |
| No Obligation to Advance | 7. Neither the preparation, execution or registration of the Charge shall bind the Chargee to advance the principal amount secured, nor shall the advance of a part of the principal amount secured bind the Chargee to advance any unadvanced portion thereof, but nevertheless the security in the land shall take effect forthwith upon delivery for registration of the Charge by the Chargor. The expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the principal amount not being advanced, the same to be charged hereby upon the land, and shall be, without demand therefor, payable forthwith with interest at the rate provided for in the Charge, and in default the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable. |
| Costs Added to Principal | 8. The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges which shall from time to time fall due and be unpaid in respect of the land, and that such payments, together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in leasing or selling the land or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the land, which payments with interest at the rate provided for in the Charge shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable. |
| Power of Sale | 9. The Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the land or sell the land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgage Act. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the land, if occupied, or by placing it on the land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the land is situated; and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person to be affected thereby may be unknown, incapacitated or under disability. Provided further, that in case default be made in the payment of the principal amount or interest or any part thereof and such default continues for two months after any payment of either falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the land may be sold by public auction or private contract, or partly |

ACKNOWLEDGMENT

TO: Chartreuse Bancorp Inc.
(the "Mortgagee")


AND TO: Blaney McMurtry LLP
the Mortgagee's solicitors herein

FROM: Hossein Totonchian (the "Mortgagor")

RE: Collateral Charge/Mortgage secured against 63 Norbury Drive, Markham,
Ontario

THE MORTGAGOR hereby acknowledges and confirms being provided with a true and complete copy of set of Standard Charge Terms No. 200033, a copy of which is attached hereto, which has been incorporated by reference in the Charge/Mortgage relating to the above loan and which contain additional terms and provisions relating to the Charge/Mortgage.

DATED this 2nd day of March, 2018.



HOSSEIN TOTONCHIAN

Confirmation of Solicitors

12. RESOLVED that **SOBLE, RICKARDS & ASSOCIATES** be and is hereby appointed and confirmed as the solicitor of the Corporation, to hold office until the next annual meeting of the members of the Corporation unless such solicitors are duly removed from office, at a remuneration to be fixed by the directors and the directors being hereby authorized to fix such remuneration is hereby confirmed, consented to and approved.

Location of Corporate Records


13. RESOLVED that the records required by Part XI of the *Business Corporations Act* (Ontario) shall be maintained at the offices of the solicitors of the Corporation.

Execution

THESE RESOLUTIONS may be executed by original or electronic signature in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same resolutions and notwithstanding their date of execution, shall be deemed to have been executed as of the date hereof.

THE UNDERSIGNED, being the sole director of the Corporation, hereby signs the foregoing resolutions in accordance with the provisions of the *Business Corporations Act* (Ontario).

DATED as of the 2nd day of March, 2018.




Hossein Totonchian

THE UNDERSIGNED, being the sole shareholder of the Corporation, hereby signs the foregoing resolutions in accordance with the provisions of the *Business Corporations Act* (Ontario).

DATED as of the 2nd day of March, 2018.

**THE HOSSEIN TOTONCHIAN
2012 FAMILY TRUST**



Hossein Totonchian

Officers

5. The appointment of the Corporation's sole officer, Hossein Totonchian as President, Secretary and Treasurer of the Corporation is ratified, confirmed, consented to, and approved as current officer(s) of the Corporation as of the date hereof with effect from the 16th day of January 2013.

Current Shareholders

6. RESOLVED that the current shareholder of the Corporation is as follows:

Shareholder	Class	No. of Shares
The Hossein Totonchian 2012 Family Trust	Common	100

Approval of Financial Statements and Dividends

7. RESOLVED that the financial statements of the Corporation for the financial years ended from incorporation through to the 30th day of June, 2017 inclusive, are hereby approved, ratified and confirmed and the actions of any director in signing the balance sheet of such financial statements are hereby approved, ratified and confirmed.
8. RESOLVED that the declaration and payment of all dividends from incorporation through 30th day of June, 2017, as reported in the Corporation's financial statements of each applicable fiscal year are hereby approved, ratified and confirmed.

Exemption from Audit Requirements

9. CONFIRMED that pursuant to Section 148 of the *Business Corporations Act* (Ontario), the shareholder(s) consented to the exemption of the Corporation from the audit provisions set out in Part XII of the *Business Corporations Act* (Ontario) in respect of the each ensuing fiscal year of the Corporation up to and including the fiscal year ended 30th day of June, 2017.
10. RESOLVED that, pursuant to Section 148 of the *Business Corporations Act* (Ontario), the undersigned shareholders of the Corporation hereby consent to the exemption of the Corporation from the audit provisions set out in Part XII of the *Business Corporations Act* (Ontario) in respect of the next ensuing fiscal year of the Corporation.

Registered Office Address

11. RESOLVED that the location of the registered office of the Corporation in the Town of Oakville, be and the same is hereby fixed, until changed, at 4160 Steeles W., Units 1, 2, 3 & 4, Woodbridge, ON L4L 3S8.

**RESOLUTIONS
OF
THE SOLE DIRECTOR AND SOLE SHAREHOLDER
OF
2236715 ONTARIO LIMITED.
(the "Corporation")**

Confirmation of Past Acts

WHEREAS certain transactions and proceedings of the Corporation have either not been clearly recorded in the Minute Book of the Corporation or have not been properly executed;

AND WHEREAS the sole director and the sole shareholder of the Corporation consider it expedient to ratify and confirm all actions taken and resolutions adopted from incorporation to present as set out in the Minute Book of the Corporation;

IT IS HEREBY:

Past Acts

1. **RESOLVED** that all actions, proceedings, elections, appointments, approvals, assignments, grants, transfers, agreements, acts, declarations, documents, instruments, executions and transactions, whether done, taken, executed, acted or purported to be acted upon before, on or after the date of incorporation by or on behalf of the Corporation, be and the same are hereby approved, adopted, ratified and confirmed, *nunc pro tunc*.

Directors

2. **RESOLVED** that the number of directors comprising the board of directors of the Corporation shall be fixed at one (1), being a number within the prescribed range.
3. **RESOLVED** that the election of Hossein Totonchian as the sole director of the Corporation, to hold office until the completion of the next annual meeting of the shareholders of the Corporation or until his successor is duly elected, subject to the provisions of the by-laws of the Corporation and the provisions of the *Business Corporations Act* (Ontario) is hereby ratified, confirmed, consented to and approved.
4. The following person constitutes the board of directors of the Corporation:

Name of Director

Date Elected

Hossein Totonchian

January 16, 2013

**RESOLUTIONS
OF THE TRUSTEES
OF
THE HOSSEIN TOTONCHIAN 2012 FAMILY TRUST
(the "Trust")**

WHEREAS the trustees of the Trust have determined that it is in the best interests of the Trust and its beneficiaries to sell certain of its shares in the capital of 2236715 ONTARIO LIMITED (the "**Target**") pursuant to the terms of the Share Purchase Agreement dated March 2, 2018 (the "**Share Purchase Agreement**") between the Trust (as vendor), Hossein Totonchian (as principal of the vendor), Chartreuse Bancorp Inc. (as purchasers) and the Target;

NOW THEREFORE BE IT RESOLVED THAT:

1. the execution, delivery and performance of the Share Purchase Agreement and all ancillary documents and transactions contemplated thereunder, be and the same are hereby ratified, approved, sanctioned and confirmed;
2. any trustees of the Trust is hereby authorized to execute and deliver all such other documents and to do all such other acts and things as may be necessary or desirable to give effect to the foregoing resolutions.
3. these resolutions may be signed in several counterparts each of which when executed shall be deemed to be an original, and such counterparts shall each constitute one and the same instrument and notwithstanding their date of execution shall be deemed to bear the date set out below; and
4. the execution and delivery of a facsimile or email transmission of these resolutions shall constitute delivery of an executed original and shall be binding upon the directors whose signatures appear on the transmitted copy.

Pursuant to the provisions of the deed of trust establishing the Trust, the foregoing resolutions are hereby signed by the sole trustee of the Trust.

DATED as of the 2nd day of March, 2018



Hossein Totonchian, Trustee

LRO # 65 Charge/Mortgage

In preparation on 2018 02 28 at 13:58

This document has not been submitted and may be incomplete.

yyyy mm dd Page 2 of 2

Additional Provisions

This Charge/Mortgage is collateral to the obligations of the Chargor and The Hossein Totonchian 2012 Family Trust under a Share Purchase Agreement dated March XX, 2018 between, inter alia, the Chargor and the Chargee. In the event of inconsistency between any of the provisions of this Charge/Mortgage and any provisions of the Share Purchase Agreement, the provisions of the Share Purchase Agreement shall prevail.

Interest shall accrue at a rate equivalent to the interest rate applicable to the operating loan between Royal Bank of Canada and 2236718 Ontario Limited.

The principal amount outstanding under this Charge/Mortgage may be prepaid in whole or in any part at any time or times without notice.

Any default under any other Charge/Mortgage granted by the Chargor in respect of the Properties, as noted on page 1 of the Charge/Mortgage, shall constitute default under this Charge/Mortgage.

File Number

Chargee Client File Number :

1114180006

LRO # 65 Charge/Mortgage

In preparation on 2018 02 28 at 13:58

This document has not been submitted and may be incomplete.

yyyy mm dd Page 1 of 2

Properties

PIN 03736 - 0065 LT **Interest/Estate** Fee Simple

Description PCL 65-1, SEC 65M2999 ; LT 65, PL 65M2999 , S/T LT1017728 ; MARKHAM S/T RIGHT IN FAVOUR OF PEARGATE ESTATES INC. UNTIL COMPLETE ACCEPTANCE OF THE SUBDIVISION BY THE TOWN OF MARKHAM, AS IN LT1156064.

Address 63 NORBURY DRIVE
MARKHAM

Chargor(s)

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name TOTOCHIAN, HOSSEIN
Acting as an individual

Address for Service 63 Norbury Drive
Markham, Ontario
L3S 3V2

I am at least 18 years of age.

TOTOCHIAN, TANA is my spouse and has consented to this transaction.

This document is not authorized under Power of Attorney by this party.

Chargee(s)**Capacity****Share**

Name CHARTREUSE BANGORP INC.
Acting as a company

Address for Service 18 Dupont Street
Toronto, Ontario
M5R 1V2

Provisions

Principal \$ 800,000.00 **Currency** CDN

Calculation Period

Balance Due Date On Demand

Interest Rate See Schedule

Payments

Interest Adjustment Date

Payment Date

First Payment Date

Last Payment Date

Standard Charge Terms 200033

Insurance Amount full insurable value

Guarantor

PTRANSFER OF SHARES AND DIRECTION

FOR VALUE RECEIVED the undersigned hereby:

1. assigns and transfers unto CHARTREUSE BANCORP INC., One Hundred (100) Common Shares in the capital of 2236715 ONTARIO LIMITED (the "**Corporation**"); and
2. directs the board of directors of the Corporation to cancel and issue share certificates as necessary to give effect to the foregoing.

DATED the 2nd day of March, 2018.

THE HOSSEIN TOTONCHIAN 2012 FAMILY TRUST

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

Hossein Totonchian, Trustee

TAB 6



HARRISON PENZA

257

Melinda Vine

Direct Line: (519)-661-6705
mvine@harrisonpensa.com

Assistant: Cathy Coleiro
Direct Line: (519) 850-5568
ccoleiro@harrisonpensa.com

July 6, 2018

**BY REGISTERED MAIL AND REGULAR MAIL
BY EMAIL - mo@chartreuseinvestments.com**

Chartreuse Bancorp Inc.
18 Dupont Street
Toronto, ON M5R 1V2
Attention: Mohammad Moradi

- and -

Chartreuse Bancorp Inc.
4160 Steeles Avenue West
Woodbridge, ON L4L 3S8
Attention: Mohammad Moradi

Dear Mr. Moradi:

**Re: In the matter of the interim receivership proceedings of 2236715 Ontario
Limited o/a Luxury and Sports Cars
(Court File No. CV-18-00600821-00CL)**

We are counsel for msi Spergel Inc. ("**Spergel**"), in its capacity as the court-appointed interim receiver (in such capacity, the "**Interim Receiver**") of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "**Debtor**"). Spergel was appointed as Interim Receiver pursuant to the Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Commercial List Court**") made July 4, 2018 (the "**Appointment Order**"). A copy of the Appointment Order is attached and can also be obtained from the Interim Receiver's website at <http://www.spergel.ca/luxurycars/>.

The Interim Receiver notes that Chartreuse Bancorp Inc. ("**Chartreuse**") has registered notices (the "**Registration**") of a security interest in the Debtor's personal property under the *Personal Property Security Act* (the "**PPSA**").

The Interim Receiver further notes that the following seven (7) motor vehicles were transferred to Chartreuse by the Debtor in June 2018:

DESCRIPTION	VIN
2015 Mercedes-Benz M-Class	4JGDA2EB7FA452675

2014 Mercedes-Benz CLS-Class Luxury Sedan	WDDLJ9BB6EA094485
2011 Porsche Panamera	WP0AA2A76BL014785
2016 BMW X3	5UXWX9C53G0D63101
2014 BMW 535i	WBA5B3C57ED530245
2014 Mercedes-Benz M-Class Luxury	4JGDA2EB1EA386851
2014 Audi S5	WAULGBFR7EA039791

(collectively the "**Vehicles**")

Paragraph 6 of the Appointment Order (amongst other paragraphs), provides that all Persons (as defined therein):

*shall forthwith advise the Interim 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto...*

Pursuant to and in accordance with the terms of the Appointment Order, the Interim Receiver requires that you furnish to it each of the following:

- a) a statement in writing of the amount of the Debtor's indebtedness to you and the terms of payment of this indebtedness as of today's date;
- b) a statement in writing specifying the actual collateral to which the Registration relates;
- c) a true copy of the security agreement(s) in respect of which you have made the Registration;
- d) the location of the original security agreement(s) to the extent that the Interim Receiver wishes to inspect the same; and,
- e) documents evidencing the transfer of Vehicles from the Debtor to Chartreuse including but not limited to all supporting documents, Bills of Sale issued by the Debtor to Chartreuse and evidence of payment of the purchase price by Chartreuse to the Debtor.

Please be advised that pursuant to the terms of the Appointment Order, the Interim Receiver requests that you provide the information set forth above as soon as possible and in any event no later than 2:00pm on Tuesday July 10, 2018.

Please note, as stated above (and without limiting the generality of same), that the Records you are required to provide to the Interim Receiver include both physical and electronic Records, as well as access to any software required to examine such Records.

Please ensure that the Interim Receiver is provided immediate access to all Records in your possession or control and the above detailed information. In this regard, please contact Mukul Manchanda from the Interim Receiver's office by telephone at 416-498-4314 or by email at mmanchanda@spergel.ca to make logistical arrangements.

Yours truly,

Harrison Pensa ^{LLP}



Melinda Vine

Email – mvine@harrisonpensa.com

Direct Line – 519-661-6705

MVI/cc

Enclosure

c: Mukul Manchanda, *msi Spergel inc.* (mmanchanda@spergel.ca) Interim Receiver

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

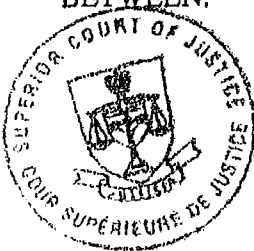
THE HONOURABLE

JUSTICE HAINES

)
)
)WEDNESDAY, THE 4th

DAY OF JULY, 2018

BETWEEN:



ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

ORDER

THIS APPLICATION, made by Royal Bank of Canada ("RBC"), for an Order, *inter alia*, pursuant to subsection 47(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 Spargel Inc. ("Spargel") as interim receiver (in such capacity, the "Interim Receiver"), without security, of all of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "Debtor") acquired for, or used in relation to the Debtor's business, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Kevin Leung sworn July 3, 2018 and the exhibits thereto (the "Leung Affidavit"), the consent of Spergel to act as the Interim Receiver, and on hearing the submissions of counsel for RBC, no one appearing for any other person on the service list, although served as appears from the affidavit of service of Diana McMillen sworn July 3rd, 2018, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to subsection 47(1) of the BIA and section 101 of the CJA, Spergel is hereby appointed Interim 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") until the earlier of:

- (a) the taking of possession by a receiver, within the meaning of subsection 243(2) of the BIA, of the Property;
- (b) the taking of possession by a trustee in bankruptcy of the Property; and
- (c) August 3, 2018.

INTERIM RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Interim 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 Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:

- 3 -

- (a) to monitor the Debtor's receipts and disbursements, including, without limitation, the right to access all information relating to the Debtor's accounts or finance activities at any financial institution;
- (b) to 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 investigate and prepare a financial report as to the operations of the Debtor which will include the assets, liabilities and disposition of all Property for the twelve (12) month period preceding the date of this Order;
- (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 Interim Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to summarily dispose of the Property that is perishable or likely to depreciate rapidly in value;
- (f) to conduct examinations, if deemed necessary, including, without limitation, an examination of Hussein Totonchian and Tana Totonchian;
- (g) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate on all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable; and
- (h) 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 Interim 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 INTERIM 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 Interim 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 Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver's request. For greater certainty, the Debtor and/or Hussein Totonchian personally shall immediately provide to the Interim Receiver the information requested by RBC's counsel by way of its email dated June 25, 2018, addressed to the Debtor's counsel.

5. **THIS COURT ORDERS** that, upon receiving a request by the Interim Receiver, the Ministry of Transportation, Service Ontario, and/or any other government department, ministry or agency responsible for vehicle registration in any other Province or Territory of Canada, are hereby directed to provide the Interim Receiver with details relating to any transfer of ownership of any of the Property, including, without limitation, the identities of the parties to the transfer, the consideration paid and any other details reasonably incidental thereto.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Interim 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim 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 Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. **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 Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE INTERIM 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 Interim Receiver except with the written consent of the Interim 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 Interim 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 Interim Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Interim 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 Debtor to carry on any business which the Debtor is not lawfully entitled to carry on; (ii) exempt 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 INTERIM 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 Interim 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 are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services, 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 Debtor 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 Debtor, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim 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 Interim 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 Interim 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. The Interim Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Interim Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) and 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* and any other applicable provincial privacy legislation, the Interim 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 Interim 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 Interim 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 Interim 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 Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Interim 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 INTERIM RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 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 Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

INTERIM RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the "**Interim 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 Interim 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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Interim Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Interim 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 Interim 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 normal rates and charges of the Interim Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

SERVICE AND NOTICE

21. **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/eservice-commercial/>) 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: <http://www.spergel.ca/luxurycars/>.

22. **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

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

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

25. **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 Interim 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 Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

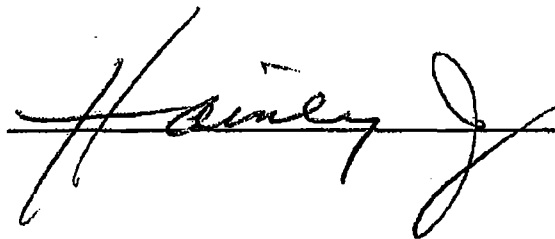
26. **THIS COURT ORDERS** that the Interim Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Interim Receiver is authorized and empowered to act as a representative in

- 11 -

respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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

28. **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 Interim 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.

A handwritten signature in black ink, appearing to read "Hainey J", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 04 2018

PER / PAR: RW

ROYAL BANK OF CANADA

Applicant

- and -

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS

CARS

Respondent

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

INTERIM RECEIVERSHIP ORDER

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Lawyers for Royal Bank of Canada



HARRISON PENSA

272

Melinda Vine

Direct Line: (519)-661-6705
mvine@harrisonpensa.com

Assistant: Cathy Coleiro
Direct Line: (519) 850-5568
ccoleiro@harrisonpensa.com

July 17, 2018

BY REGISTERED MAIL AND REGULAR MAIL
BY EMAIL - mo@chartreuseinvestments.com
BY EMAIL - ardy@chartreuseinvestments.com

Chartreuse Bancorp Inc.
18 Dupont Street
Toronto, ON M5R 1V2

Attention: Mohammad Moradi
Attention: Ardavan Khavari

- and -

Chartreuse Bancorp Inc.
4160 Steeles Avenue West
Woodbridge, ON L4L 3S8

Attention: Mohammad Moradi
Attention: Ardavan Khavari

Dear Mr. Moradi:

Re: In the Matter of the Interim Receivership of 2236715 Ontario Limited o/a Luxury and Sports Cars
(Court File No. CV-18-00600821-00CL)

As you are aware we are counsel for msi Spergel inc. ("**Spergel**"), in its capacity as the court-appointed interim receiver (in such capacity, the "**Interim Receiver**") of 2236715 Ontario Limited o/a Luxury and Sports Cars ("**223**" or the "**Company**"). Spergel was appointed as Interim Receiver pursuant to the Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Commercial List Court**") made July 4, 2018 (the "**Appointment Order**"). On July 6, 2018 we sent a letter (the "**July 6th Letter**") to Chartreuse Bancorp Inc. ("**Chartreuse**") requesting information related to transfer of ownership of certain vehicles from 223 to Chartreuse. A copy of the July 6th Letter is enclosed herein.

On July 12, 2018 the Interim Receiver examined Hossein Totonchian ("**Hossein**"). During the examination Hossein provided the Interim Receiver with a share purchase agreement dated March 2, 2018 (the "**Share Purchase Agreement**") wherein, among other things, Chartreuse purchased 100 common shares of 223 from the Hossein Totonchian 2012 Family Trust for a purchase price of \$100. A copy of the Share Purchase Agreement is enclosed herein.

HARRISON PENSA LLP
Lawyers

The Interim Receiver was further advised by Hossein that Chartreuse and/or Ardavan Khavari are in possession of the books and records of 223. As indicated in the July 6th Letter, paragraph 6 of the Appointment Order (amongst other paragraphs), provides that all Persons (as defined therein):

shall forthwith advise the Interim 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto...

Pursuant to and in accordance with the terms of the Appointment Order, the Interim Receiver requires that you furnish to it each of the following:

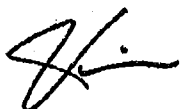
- a) the information requested in the July 6th Letter; and
- b) all of the books and records of 223 in possession of Chartreuse and its principals.

Pursuant to the terms of the Appointment Order, the Interim Receiver requires that you provide the information set forth above as soon as possible and in any event no later than 5:00pm on Thursday July 19, 2018. In this regard, please contact Mukul Manchanda from the Interim Receiver's office by telephone at 416-498-4314 or by email at mmanchanda@spergel.ca by no later than the close of business on July 19, 2018 to make logistical arrangements.

Please note that if necessary the Interim Receiver will bring Chartreuses' non-compliance with the Appointment Order to the attention of the Court and at such attendance you will be asked to explain why Chartreuse is in breach of the Appointment Order.

Yours truly,

Harrison Pensa ^{LLP}



Melinda Vine

Email – mvine@harrisonpensa.com

Direct Line – 519-661-6705

MVI/cc

c: Mukul Manchanda, msi Spergel Inc. (mmanchanda@spergel.ca) Interim Receiver



HARRISON PENZA

274

Melinda Vine

Direct Line: (519)-661-6705
mvine@harrisonpensa.com

Assistant: Cathy Coleiro

Direct Line: (519) 850-5568
ccoleiro@harrisonpensa.com

July 6, 2018

**Via Registered Mail
and Via E-mail mo@chartreuseinvestments.com**

Chartreuse Bancorp Inc.
18 Dupont Street
Toronto, Ontario
M5R 1V2

Attention: Mohammad Moradi,

Dear Sir:

**Re: msi Spergel Inc. and 2236715 Ontario Limited o/a Luxury and Sports
Cars ("223")
Our File No. 174869**

We are counsel to msi Spergel inc. who was appointed as the interim receiver (in such capacity, the "Interim Receiver") without security, of all of the assets, undertakings and properties of 223 by the order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated July 4, 2018 (the "Order"). A copy of the Order is enclosed herewith.

We write with respect to Chartreuse' business relationship with 223 and specifically with respect to the following seven (7) vehicles (collectively the "Vehicles")

DESCRIPTION	VEHICLE IDENTIFICATION NUMBER
2015 Mercedes-Benz M-Class	4JGDA2EB7FA452675
2014 Mercedes-Benz CLS-Class Luxury Sedan	WDDLJ9BB6EA094485
2011 Porsche Panamera	WP0AA2A76BL014785
2016 BMW X3	5UXWX9C53G0D63101
2014 BMW 5351	WBA5B3C57ED530245

HARRISON PENZA LLP
Lawyers

2014 Mercedes-Benz M-Class Luxury	4JGDA2EB1EA386851
2014 Audi S5	WAULGBFR7EA039791

We note that section 6 of the Order states that all persons shall forthwith advise the Interim 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 223 and provide to the Interim Receiver.


The Interim Receiver is concerned with the recent transfer of ownership of the Vehicles from 223 to Chartreuse. Accordingly, and pursuant to the Order, and specifically section 6, the Interim Receiver requests the following information with respect to the Vehicles:

- Any and all documents relating to a sale between Chartreuse and 223
- Evidence of the purchaser price and proof of payment or consideration in relation to any sale of the Vehicles
- Any and all information regarding the Vehicles that the Interim Receiver may not be aware of.

This matter is of an urgent nature and we request your compliance with the above noted request not later than the end of business day on Monday July 9, 2018

Yours truly,

Harrison Pensa ^{LLP}



Melinda Vine
Email – mvine@harrisonpensa.com
Direct Line – 519-661-6705
MVI/cc

4213739_1

SHARE PURCHASE AGREEMENT

THIS AGREEMENT made as of the 2 day of March, 2018.

A M O N G:

THE HOSSEIN TOTONCHIAN 2012 FAMILY TRUST (the "Vendor")

- and -

HOSSEIN TOTONCHIAN (the "Principal")

- and -

CHARTREUSE BANCORP INC. (the "Purchaser")

- and -

2236715 ONTARIO LIMITED (the "Corporation")

WHEREAS 2236715 Ontario Limited (d.b.a. Luxury and Sports Cars) (the "Corporation") carries on the business of buying and selling motor vehicles (the "Business");

AND WHEREAS the Vendor is the registered and beneficial owner of all of the issued and outstanding shares of the Corporation;

AND WHEREAS the Principal is the sole trustee of the Vendor and the sole director and officer of the Corporation;

AND WHEREAS the Vendor wishes to sell the Purchased Shares (as defined herein) to the Purchaser and the Purchaser desires to purchase all such shares from the Vendor as more particularly described and upon and subject to the terms and conditions hereinafter set forth;

NOW THEREFORE WITNESSETH that in consideration of the covenants, agreements, warranties and payments herein set out and provided for, the Parties hereto hereby respectively covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them in this Section 1.1:

- (a) "Accounting Records" means all of the Corporation's books of account, accounting records and other financial data and information, including copies of

- 2 -

filed Tax Returns and tax assessment notices;

- (b) **"Act"** means the *Business Corporations Act* (Ontario);
- (c) **"Agreement"** means this share purchase agreement including all attached schedules, as the same may be supplemented, amended, restated or replaced from time to time;
- (d) **"Annual Financial Statements"** means the unaudited annual financial statements of the Corporation for the fiscal years ended June 30, 2016 and June 30, 2017, each consisting of a balance sheet, income statement;
- (e) **"Applicable Law"** means, with respect to any Person, property, transaction, event or other matter, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, restriction, regulatory policy or guideline, bylaw (zoning or otherwise), or Order or other requirement (including a requirement arising at common law), or any consent, exemption, approval or Licence of any Governmental Authority, that applies in whole or in part to such Person, property, transaction, event or other matter;
- (f) **"Assets"** means all of the assets, real and personal, tangible and intangible, and undertaking of the Corporation;
- (g) **"Benefit Plans"** means all bonus, deferred compensation, incentive compensation, share purchase, share appreciation and share option, severance or termination pay, hospitalization or other medical benefits, life or other insurance, dental, disability, salary continuation, vacation, supplemental unemployment benefits, profitsharing, mortgage assistance, employee loan, employee assistance, pension, retirement or supplemental retirement plan or agreement (including without limitation any defined benefit or defined contribution pension plan and any group registered retirement savings plan), and each other employee benefit plan or agreement (whether oral or written, formal or informal, funded or unfunded) sponsored, maintained or contributed to or required to be contributed to by the Corporation for the benefit of any of the Employees, whether or not insured and whether or not subject to any Applicable Law, except that the term "Benefit Plans" shall not include any statutory plans with which the Corporation is required to comply, including the Canada/Quebec Pension Plan or plans administered pursuant to applicable provincial health tax, workers' compensation and unemployment insurance legislation;
- (h) **"Books and Records"** means the Accounting Records and all books, records, sales and purchase records, lists of suppliers, formulae, business reports and research and development information of the Corporation and plans and projections and all other documents, files, records, correspondence, and other data and information, financial or otherwise, which are relevant to the Corporation, including all data and information stored electronically or on

- 3 -

computer related media, which are in the possession of or subject to the control or direction of the Vendor or the Principal;

- (i) **"Business"** has the meaning assigned thereto in the recitals hereto;
- (j) **"Business Day"** means a day other than a Saturday or Sunday, on which Canadian chartered banks are open for the transaction of domestic business in Toronto, Ontario;
- (k) **"Closing Date"** means March 2, 2018 or such other date as the parties may agree upon;
- (l) **"Closing"** means the completion of all of the transactions contemplated by this Agreement which are to occur contemporaneously at the Time of Closing;
- (m) **"Closing Document"** means any document delivered at or subsequent to the Closing Time as provided in or pursuant to this Agreement;
- (n) **"Collective Agreement"** means any collective agreement, letters of understanding, letters of intent or other written communication with any trade union or association which may qualify as a trade union, which would cover any Employees;
- (o) **"Contracts"** means the contracts, agreements, licence agreements and other obligations of the Corporation including the Equipment Leases and the Lease;
- (p) **"Employees"** means all employees of the Corporation, whether full or part time, and whether permanent, temporary or hired on a contract basis and including those employees absent from work by reason of short or long-term disability, authorized leave of absence and pregnancy, maternity, paternal or parental leave;
- (q) **"Encumbrance"** means any encumbrance of any kind whatever and includes a security interest, mortgage, lien, hypothec, pledge, hypothecation, assignment, charge, trust or deemed trust (whether contractual, statutory or otherwise arising), a voting trust or pooling agreement with respect to securities, an adverse claim or any other right, option or claim of others of any kind whatever affecting the Assets or the Purchased Shares, any covenant or other agreement, restriction or limitation on the transfer of the Purchased Shares other than in the Act and a deposit by way of security;
- (r) **"Environment"** includes the air, surface water, underground water, any land, soil or underground space even if submerged under water or covered by a structure, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matters and living organisms and the environment or natural environment as defined in any Environmental Law and **"Environmental"** shall have a similar extended meaning;

- (s) **"Environmental Laws"** includes all federal, provincial, municipal or local statutes, regulations, bylaws, guidelines, policies or rules, and Orders of any Governmental Authority and the common law, relating in whole or in part to the Environment and includes those laws relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, actual or potential discharge, deposit, spill, leak, pumping, pouring, emission, emptying, injection, escape, leaching, seepage or disposal or disposal (by any means, including dumping, incineration, spraying, pumping, injecting, depositing or burying) of any Hazardous Substances and any laws relating to asbestos or asbestos containing materials in the Environment, in the workplace or in any building;
- (t) **"Equipment"** means all fixed assets and tangible personal property of the Corporation, including all equipment and all fixtures, furniture, furnishings, vehicles, computers, photocopiers, office equipment, implements, tools and spare parts used by the Corporation;
- (u) **"Equipment Leases"** means the leases of personal property;
- (v) **"Financial Statements"** means the Annual Financial Statements and the Interim Financial Statements;
- (w) **"Generally Accepted Accounting Principles"** means accounting standards for private enterprises in Canada as applicable as at the date on which any calculation or determination is required to be made in accordance with such standards;
- (x) **"Governmental Authority"** means any domestic or foreign government whether federal, provincial, state or municipal and any governmental agency, governmental authority, governmental tribunal or governmental commission of any kind whatever;
- (y) **"Hazardous Substances"** means any pollutant, contaminant, waste, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Law, including any that may impair the quality of any waters;
- (z) **"HST"** means all goods and service taxes, sales taxes levied by the federal government of Canada, value added taxes or multistage taxes and all provincial sales taxes integrated with such federal taxes (including the Quebec sales tax), assessed, rated or charged upon the Corporation;
- (aa) **"including"** means "including without limitation" and **"includes"** means "includes without limitation" and each of the terms "including" and "includes" shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it;

- 5 -

- (bb) **"Indemnified Party"** means any Person entitled to indemnification under this Agreement;
- (cc) **"Intellectual Property"** means any domestic and foreign intellectual property rights, including: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) designs, design registrations, design registration applications and integrated circuit topographies; (v) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; and (vi) any other intellectual property and industrial property;
- (dd) **"Knowledge"** means, with reference to any of the representations and warranties of the Vendor and Principal, the actual knowledge of the Principal and the knowledge which the Principal would have if he had conducted a reasonable inquiry with the responsible personnel within the Corporation into the relevant subject matter of such representation and warranty;
- (ee) **"Lease"** means the lease dated _____ made between the Corporation and _____;
- (ff) **"Leased Premises"** means the premises which is governed by the Lease and municipally known as [●];
- (gg) **"Licence"** means any licence, permit, approval, right, privilege, concession or franchise issued, granted, conferred or otherwise created by a Governmental Authority;
- (hh) **"Licensed Intellectual Property"** has the meaning assigned thereto in Section 3.1(bb)(i);
- (ii) **"Loss"** means any and all loss, liability, damage, cost, expense, charge, fine, penalty or assessment, resulting from or arising out of any claim, including the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise relating thereto and all interest, punitive damages, fines and penalties and reasonable legal fees and expenses incurred in connection therewith, including loss of profits and/or consequential damages;
- (jj) **"Material Contracts"** has the meaning assigned to such term in subsection 3.1(p);
- (kk) **"Mortgage Security"** has the meaning assigned to such term in Section 2.5;

- (ll) **"Occupational Health and Safety Acts"** means the *Occupational Health and Safety Act* (Ontario) and all other legislation of any jurisdiction dealing with any of the subject matter of that Act or with any aspect of the health or safety of employees;
- (mm) **"Order"** means any order (draft or otherwise), judgement, injunction, decree, award or writ of any court, tribunal, arbitrator, Governmental Authority, or other Person having jurisdiction;
- (nn) **"Owned Intellectual Property"** has the meaning assigned thereto in Section 3.1(bb)(i);
- (oo) **"Parties"** means the Persons who have executed and are bound by the terms of this Agreement collectively, and **"Party"** means any one of them;
- (pp) **"Pension Plan"** means each of the Benefit Plans that is a "Registered Pension Fund or Plan" as that term is defined in subsection 248(1) of the Tax Act;
- (qq) **"Permitted Encumbrances"** means those registrations made pursuant to the *Personal Property Security Act* (Ontario);
- (rr) **"Person"** shall be broadly interpreted and includes an individual, body corporate, partnership, joint venture, trust, association, unincorporated organization, the Crown, any Governmental Authority or any other entity recognized by law;
- (ss) **"Principal Indebtedness"** means the loan owed by Principal to the Corporation as at the Closing Date, including any costs, prepayment penalties, premiums, consent or other fees and costs in connection with any repayment thereof.
- (tt) **"Proceeding"** shall include any citation, directive, order, claim, litigation, investigation, study, judgement, notice, letter or other communication, written or oral, actual or threatened, from any court or Governmental Authority;
- (uu) **"Purchase Price"** means the purchase price to be paid by the Purchaser to the Vendor for the Purchased Shares as provided in Section 2.1(b);
- (vv) **"Purchased Shares"** means 100 common shares, being all of the common shares held by the Vendor in the capital of the Corporation;
- (ww) **"RBC Closing Indebtedness"** means all indebtedness, as of the AR Commencement Date, together with interest, fees, prepayment premiums and other expenses owed by the Corporation to Royal Bank of Canada in relation thereof, including all accrued and unpaid interest thereon, and any costs, prepayment penalties, premiums, consent or other fees and costs in connection with any repayment thereof;

- 7 -

- (xx) **"Representative"** means each director, officer, employee, agent, solicitor, accountant, professional advisor and other representative of a Party or an Indemnified Party (as defined in Article 5);
- (yy) **"Tax Act"** means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, and the provincial counterparts thereof, as the same may be amended from time to time;
- (zz) **"Taxes and Governmental Charges"** means all taxes and similar governmental charges, including:
 - (i) Canadian federal, provincial, municipal and local, foreign or other income, franchise, capital, real property, personal property, tangible, withholding, payroll, employer health, transfer, sales, use, excise, goods and services (including HST), consumption, antidumping, countervail and value added, employer health, real property and personal property and any other taxes, custom duties, fees, assessments or similar charges in the nature of a tax for which any of the Corporation may have any liability imposed by Canada or any province, municipality, country or foreign government or subdivision or agency thereof, whether disputed or not;
 - (ii) assessments, charges, duties, fees, imposts, levies or other governmental charges and interest, penalties or additions associated therewith;
 - (iii) all Canada Pension Plan contributions, unemployment insurance premiums and workers compensation premiums, together with any instalments with respect thereto; and
 - (iv) any interest, fines and penalties, imposed by any governmental authority (including federal, provincial, municipal and foreign governmental authorities), and whether disputed or not;
- (aaa) **"Tax Returns"** means all reports, returns and other documents filed or required to be filed by the Corporation in respect of Taxes and Governmental Charges or in respect of or pursuant to any domestic or foreign federal, provincial, state, municipal, territorial or other taxing statute; and
- (bbb) **"Time of Closing" or "Closing Time"** means 12:01 a.m. on the Closing Date;

1.2 General Interpretation

- (a) **Entire Agreement.** This Agreement, including the Schedules hereto, and the Closing Documents constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof. No supplement, modification, waiver or termination of this Agreement shall be

- 8 -

binding unless executed in writing by the Parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to constitute or shall constitute a waiver of any other provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

- (b) **Applicable 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 therein and shall be treated, in all respects, as an Ontario contract.
- (c) **Determination of Time.** When calculating the period of time within which or following when any act is to be done or steps taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be included. If the last day for calculating such period is a non-business day the period in question shall end on the next Business Day.
- (d) **Interpretation Not Affected by Headings or Party Drafting.** The division of this Agreement into articles, sections, paragraphs, subsections and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules to this Agreement and not to any particular article, section, paragraph, clause or other portion of this Agreement and include any agreement or instrument supplementary or ancillary to this Agreement. The parties to this Agreement acknowledges that their respective legal counsel have reviewed and participated in settling the terms of this Agreement.
- (e) **Number and Gender.** This Agreement shall be read with all changes of number and gender as required by the context.

ARTICLE 2

PURCHASE AND SALE OF PURCHASED SHARES

2.1 Purchase and Sale of Purchased Shares

- (a) At the Closing Time on the Closing Date, the Vendor shall sell to the Purchaser all of the Purchased Shares and the Purchaser shall purchase such shares from the Vendor upon and subject to the terms of this Agreement. The completion of the transaction of purchase and sale provided for in this Agreement shall take effect at the Closing Time.
- (b) The purchase price (the "**Purchase Price**") for the Purchased Shares shall be \$100.00.
- (c) The Purchaser shall pay and satisfy the Purchase Price on the Closing Date by cash or cheque.

2.2 Place of Closing

- 9 -

The Closing shall take place at the Time of Closing at the offices of the Purchaser's counsel or at such other place as may be agreed upon by the Vendor and the Purchaser or their respective counsel prior to the Closing Date.

2.3 Payment of RBC Closing Indebtedness

The Vendor and the Principal agree they are, jointly and severally, liable and responsible for the payment of the RBC Closing Indebtedness and the Parties agree to the following arrangements in relation to the payment thereof:

- (a) The Purchaser shall cause the Corporation to use commercially reasonable efforts, with the assistance of the Vendor, to collect any accounts receivable due or accruing due to the Corporation as at November 30, 2017 (the "**AR Commencement Date**") during the 6 month period following the AR Commencement Date (the "**Collection Period**"). The Corporation shall provide to the Vendor within five (5) Business Days at the end of the Collection Period, a collection report showing in reasonable detail the face amounts collected (the "**Collected AR**") and uncollected during such period. The computation shall in the absence of a manifest error be final and binding upon the Parties.
- (b) Within ten (10) Business Days (the "**First Settlement Date**") after the five Business Day period after the Collection Period set out in Section 2.3(a), the Vendor and the Principal shall become, jointly and severally, liable to the Purchaser for the amount, if any, by which the RBC Closing Indebtedness exceeds the Collected AR, which the Vendor and the Principal shall, on the First Settlement Date, pay to the Purchaser by bank draft, wire transfer or other immediately available funds.

2.4 Payment of Principal Indebtedness

The Vendor and the Principal agree they are jointly and severally liable to the Purchaser for any outstanding Principal Indebtedness, which the Vendor and the Principal shall pay forthwith, upon written notice from the Purchaser, to the Corporation by way of bank draft, wire transfer or other immediately available funds.

2.5 Security of Payment by Principal and Vendor

As continuing collateral security for the payment by the Vendor and the Principal of the RBC Closing Indebtedness, the Principal Indebtedness and any Loss indemnified under Section 5.1, on the date hereof subsequent to Closing, the Principal shall cause the Corporation to grant a third mortgage in favour of the Purchaser, incorporating standard charge terms 200033, on the property municipally known as 63 Norbury Drive, Markham, Ontario, L3S 3V2 (bearing the PIN 03736-0065 (LT)) (the "**Mortgage Security**")

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor and the Principal

- 10 -

The Vendor and the Principal, jointly and severally, represent, warrant and covenant to the Purchaser as follows and acknowledges that the Purchaser is relying thereon in connection with its entering into this Agreement and the consummation of the transactions contemplated hereby:

(a) Corporate Status of the Corporation

The Corporation is duly incorporated and organized and is validly subsisting and in good standing under the laws of the jurisdiction of its incorporation. The Corporation has the corporate power to own or lease its property and to carry on the Business, as now being conducted. The Corporation is duly qualified as a corporation to do business and in good standing in each jurisdiction in which the nature of its Business makes such qualification necessary. Complete copies of the Articles of Incorporation and by-laws of the Corporation, together with all amendments thereto have been delivered to the Purchaser. No proceedings have been taken or authorized by the Corporation, the Vendor and the Principal, or to the Knowledge of the Principal, by any other Person, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding-up of the Corporation or reorganization relating to the Corporation.

(b) Due Execution and Enforceability of Agreement and Closing Documents

This Agreement has been and each of the Closing Documents to which the Corporation, the Vendor and the Principal are a party will, on Closing, be duly executed and delivered by them, and this Agreement constitutes and the Closing Documents will on Closing constitute, valid and binding obligations of the Corporation, the Vendor and the Principal, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy laws and other laws of general application relating to creditors' rights or general principles of equity.

(c) Authorized Capital and Issued Capital

The authorized capital of the Corporation consists of an unlimited number of Common shares of which 100 Common shares are issued and outstanding. The issued capital of the Corporation is issued and outstanding as fully paid and non-assessable shares. The Vendor is the registered and beneficial owner of all the issued capital of the Corporation.

(d) Residence of the Vendor

The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

(e) Title to Shares

The Vendor now has, and on Closing, the Purchaser will acquire, good and valid title to the Purchased Shares, free and clear of all Encumbrances. There are no restrictions on the transfer of the Purchased Shares except as set forth in the Articles of Incorporation of the Corporation.

- 11 -

(f) No Options, etc.

No Person other than the Purchaser, has any oral or written agreement, option, warrant, right, privilege or any other right capable of becoming any of the foregoing (whether legal, equitable, contractual or otherwise), for the purchase, subscription or issuance of any unissued shares, voting securities, convertible securities or rights of the Corporation.

(g) Subsidiaries

The Corporation does not (i) have any direct or indirect subsidiaries, (ii) hold, directly or indirectly, any shares or other ownership, equity or proprietary interests in any other Person, or (iii) have any agreement of any nature to acquire, directly or indirectly, any shares or other ownership, equity or proprietary interests in any other Person.

(h) Financial Statements

The Financial Statements:

- (i) have been prepared in accordance with Generally Accepted Accounting Principles, applied on a basis consistent with that of the preceding periods;
- (ii) fairly present the financial position of the Corporation as of their respective dates and the statements of earnings and cash flows contained in the Financial Statements fairly present the revenues, earnings and results of operations for the periods indicated; and
- (iii) are accurate and complete in all material respects and are based upon and are consistent with the Books and Records.

(i) Corporate Records

Complete and accurate records with respect to the issuance, transfer, redemption and cancellation of shares of stock of the Corporation are contained in the register of shareholders of the Corporation respectively. The minute books of the Corporation is complete and accurate in all respects and contain records of all minutes of meetings of and signed resolutions in writing of the shareholders and Board of Directors of the Corporation. The Corporation's register of shareholders and minute books have been made available to the Purchaser.

(j) Absence of Conflicting Agreements

None of the execution and delivery of, the observance and performance by the Vendor or Principal of any covenant or obligation under, this Agreement or any Closing Document, or the Closing:

- (i) contravenes or results in, or will contravene or result in, a violation of or a default under (with or without the giving of notice or lapse of time, or both) or in the acceleration of any obligation under:

- 12 -

- (a) any Applicable Law;
 - (b) any Licence;
 - (c) the constating documents, by-laws, directors or shareholders resolutions of the Corporation;
 - (d) the provisions of any agreement, lease, mortgage, security document, obligation or instrument to which the Vendor, the Principal, or the Corporation is a party, or by which any of them or the Assets are bound or affected;
- (ii) relieves any other party to any Contract of that party's obligations thereunder or enable it to terminate its obligations thereunder; or
 - (iii) results in the creation or imposition of any Encumbrance on the Corporation, the Purchased Shares or any of its Assets.

(k) Required Consents and Approvals

No consent, approval, Licence, Order, authorization, registration or declaration of, or filing (other than routine postclosing notifications or filings) with, any Governmental Authority or other Person (the "Consents") is required by the Vendor, the Principal or the Corporation, in connection with (a) the Closing or (b) the execution and delivery by the Vendor and the Principal of this Agreement or the Closing Documents, or (c) the observance and performance by the Vendor's obligations under this Agreement or the Closing Documents.

(l) Liabilities

The Corporation does not have any outstanding claims, liabilities or indebtedness, (including contingent or otherwise), other than liabilities set forth in the Financial Statements or referred to in the notes thereto or liabilities incurred subsequent to November 30, 2017, in the ordinary course of Business which are not in the aggregate material and adverse to the Corporation or the Purchased Shares and which do not violate any covenant contained in this Agreement or constitute a breach of any representation or warranty made in or pursuant to this Agreement and which are reflected in the respective Books and Records of the Corporation. The Corporation is not in default in respect of the terms or conditions of any indebtedness.

(m) Absence of Changes

Since November 30, 2017:

- (i) the Corporation has conducted the Business in the ordinary course;
- (ii) there has not been any change in the accounting principles, policies, practices or procedures of the Corporation;

- 13 -

- (iii) the Corporation has not incurred any debt, obligation or liability (fixed or contingent), except normal trade or business obligations incurred in the ordinary course of business;
 - (iv) the Corporation has not paid or satisfied any obligation or liability (fixed or contingent), except:
 - (A) current liabilities reflected in the Financial Statements;
 - (B) current liabilities incurred in the ordinary course of business; and
 - (C) scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in this Agreement or in the schedules to this Agreement;
 - (v) the Corporation has not created any Encumbrance (other than the Permitted Encumbrances) upon any of its Assets;
 - (vi) the Corporation has not sold, assigned, transferred, leased or otherwise disposed of any of its Assets, except in the ordinary course of business;
 - (vii) the Corporation has not purchased, leased or otherwise acquired any properties or assets, except in the ordinary course of business;
 - (viii) the Corporation has not waived, cancelled or written-off any rights, claims, accounts receivable or any amounts payable to it;
 - (ix) the Corporation has not made any material change in the method of billing customers or the credit terms made available by it to its customers;
 - (x) the Corporation has not suffered any damage, destruction or loss (whether or not covered by insurance) which has materially adversely affected the Business or the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation, taken as a whole;
 - (xi) the Corporation has not increased any form of compensation or other benefits payable or to become payable to any of the Employees including any increase in remuneration payable to the Vendor or the Principal; and
 - (xii) to the Knowledge of the Principal, the Corporation has not suffered any extraordinary loss relating to the Business.
- (n) **Matters Pertaining to Tax and Governmental Charges**
- (i) The Corporation has prepared and filed all Tax Returns with the appropriate Governmental Authorities for all fiscal periods ending prior to the date hereof. Each such Tax Return was correct and complete. True

- 14 -

copies of all Tax Returns prepared and filed by the Corporation during the past three years have been given to the Purchaser on or before the Closing Date. Such Tax Returns correctly reflect the income, expenses, business, assets, operations, activities and status of the Corporation at the time of such filing.

- (ii) The Corporation has paid all Taxes and Governmental Charges due and payable as reflected on its Tax Returns and has paid all assessments and reassessments it has received in respect of Taxes and Governmental Charges. Except for taxes accruing but not yet due and payable in the current period, the Corporation is not liable for any Taxes and Governmental Charges at the date hereof.
- (iii) There are no reassessments of Taxes and Governmental Charges that have been issued and are outstanding and no Governmental Authority has challenged, disputed or questioned the Corporation in respect of Taxes and Governmental Charges or any Tax Returns. The Corporation is not negotiating any draft assessment or reassessment with any Governmental Authority. The Principal has no Knowledge of any contingent liabilities of the Corporation for Taxes and Governmental Charges. The Vendor nor the Principal has received any oral or written communication from any Governmental Authority indicating that an assessment or reassessment is proposed in respect of any Taxes and Governmental Charges. The Corporation has not executed or filed with any Governmental Authority any agreement extending the period for assessment, reassessment or collection of any Taxes and Governmental Charges.
- (iv) The Corporation has withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are nonresidents of Canada for the purposes of the Tax Act, all amounts required by law and will continue to do so until the Closing Time and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Corporation has remitted all Canada Pension Plan contributions, unemployment insurance premiums, employer health taxes and other Taxes and Governmental Charges payable by it in respect of its employees and has or will have remitted such amounts to the proper Governmental Authority within the time required by Applicable Law. The Corporation has charged, collected and remitted on a timely basis all Taxes and Governmental Charges as required by Applicable Law on any sale, supply or delivery whatsoever, made by it.
- (v) The Business is the only business ever conducted by the Corporation.
- (vi) The Corporation has paid all Taxes and Governmental Charges imposed on the acquisition of its tangible personal property and on the receipt of all supplies of goods and services made to it.

- 15 -

- (vii) The Corporation has not disposed of any of the Assets to a related person (as defined in the Tax Act) for proceeds less than the fair market value of that Asset.

(o) **Material Contracts**

The Corporation has performed all of the obligations required to be performed by it in all material respects and is entitled to all benefits under, and is not in default or alleged to be in default in respect of, any Material Contract to which it is a party or by which it is bound; all such Material Contracts are in good standing and in full force and effect, and no event, condition or occurrence exists or has transpired that, after notice or lapse of time or both, would constitute a default under any of the foregoing or would indicate that any of such Material Contracts may be terminated within the next 120 days.

(p) **Absence of Guarantees**

The Corporation has given or agreed to give, and is not a party to or bound by, any guarantee of indebtedness or other obligations of third parties nor any other commitment by which the Corporation is, or is contingently, responsible for such indebtedness or other obligations other than as disclosed in the Financial Statements.

(q) **Restrictions on Business**

The Corporation is not a party to any agreement, lease, mortgage, security document, obligation or instrument, or subject to any restriction in its Articles of Incorporation, its bylaws, its Licences or its directors' or shareholders' resolutions or subject to any restriction imposed by any Governmental Authority or subject to any Applicable Law or Order which could restrict or interfere with the conduct of the Business or the use of the Assets or which could limit or restrict or otherwise adversely affect the Purchased Shares, the Assets or the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation taken as a whole, other than statutory provisions and restrictions of general application to the Business.

(r) **Compliance with Applicable Law**

The Corporation has conducted and is conducting the Business in compliance in all material respects with all Applicable Laws, and not in material breach of any Applicable Laws. The operation of the Corporation and the conduct of the Business as and where such Business is presently conducted and/or currently contemplated to be conducted, and the relationships among the Corporation and any Person who may provide services to or in conjunction with the Corporation are not in violation of Applicable Laws. The Corporation has not received any written notice of any such violations or of any pending investigation with respect to such matters, the subject of which has not been fully resolved.

(s) **Assets and Activities**

- 16 -

- (i) The Corporation has good and valid title to all of the Assets free and clear of all Encumbrances other than the Permitted Encumbrances.
- (ii) There is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Corporation of the Business or any part thereof or of any of the Assets of the Corporation, other than agreements or commitments entered into in the ordinary course of business.

(t) **Employees**

No Employee is employed under a contract which cannot be terminated by the Corporation with or without notice, except for those Employees who are employed on indefinite hiring requiring reasonable notice of termination by Applicable Law. The Corporation is in compliance in all material respects with all Applicable Laws relating to the employment of the Employees, including any obligations relating to employment standards legislation, pay equity legislation, worker's compensation legislation, occupational health and safety legislation, labour relations legislation, and human rights legislation. To the Knowledge of the Principal, there are no material employment standards, pay equity, workers' compensation, occupational health and safety, labour relations or human rights applications, proceedings, investigations, complaints, prosecutions or Orders outstanding, pending or threatened and the Principal is not aware of any state of facts which would provide a valid basis for any of the foregoing. The Vendor has provided the Purchaser with a copy of any pay equity policies or plans in effect. The Corporation has provided the Purchaser with known details of any outstanding obligations, Orders, complaints, investigations, or inquiries, under any applicable pay equity legislation. The Corporation has provided the Purchaser with a copy of all policies and posted directives with respect to human rights policies, procedures, and guidelines. The Corporation has operated in compliance in all material respects with such permits. All vacation pay, bonuses, commissions, termination pay, severance pay and other employee benefit payments of each of the Employees are reflected and have been accrued in the Books and Records.

(u) **Collective Agreements**

The Corporation is not now, nor has it ever been, a party, either directly or by operation of law, to any Collective Agreement. To the Knowledge of the Principal, there are no threatened or pending union organizing activities involving the Employees.

(v) **Occupational Health and Safety**

The Vendor has provided the Purchaser with access to all inspection reports under Occupational Health and Safety Acts relating to the Corporation. There are no outstanding inspection Orders nor, to the Knowledge of the Principal, are there any pending or threatened charges made under any Occupational Health and Safety Acts relating to the Corporation. There have been no fatal or critical accidents within the five years. The Corporation has each complied in all material respects with any Orders issued

under Occupational Health and Safety Acts. There are no appeals of any Orders under Occupational Health and Safety Acts relating to the Corporation which are currently outstanding.

(w) Workers' Compensation

There are no notices of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment (collectively, "assessments") or, to the Knowledge of the Principal any other communications related thereto which the Corporation has received from any workers' compensation board or similar authorities in any jurisdictions where the Business is carried on and there are no assessments which are unpaid on the date hereof and to the Knowledge of the Principal, there are no facts or circumstances which may result in an increase in liability to the Corporation from any applicable workers' compensation legislation, regulations or rules after the Closing Time. To the Knowledge of the Principal, the Corporation's accident cost experience relating to the Business is such that there are no pending or possible assessments and there are no claims or potential claims which may adversely affect the Corporation's accident cost experience.

(x) Litigation

There is no claim, demand, suit, action, cause of action, dispute, proceeding, litigation, investigation, grievance, arbitration, governmental proceeding or other proceeding including appeals and applications for review, initiated and in progress against, by or relating to the Corporation, its directors, officers, employees or agents, or to the Assets, nor to the Knowledge of the Principal, are any of the same pending or threatened. There is not at present outstanding against the Corporation any Order that adversely affects it in any material way or that in any way relates to this Agreement or the transactions contemplated in it.

(y) Insurance

The Corporation has not received notice of default with respect to any of the provisions contained in any such insurance policy. For any current material claim that has not been settled or finally determined, the Corporation has not failed to give any notice or present any claim under any such insurance policy in a due and timely fashion such that the insurer would be entitled to terminate coverage or deny liability on any such claim. All such policies of insurance are in full force and effect and the Corporation is in material default, whether as to the payment of premium or otherwise, under the terms of any such policy.

(z) Intellectual Property

- (i)** The Corporation has due and valid licences for all the Licensed Intellectual Property that it is using in the Business. The Corporation has not permitted or licensed any Person to use any of the Owned Intellectual Property.

- (ii) To the Knowledge of the Principal, there is no claim that any products used or sold by the Corporation or any method, advertising, or material that the Corporation employs in the marketing, or sale of any such product, breaches, violates, infringes or interferes with any rights of any Person.

(aa) Real Property and Leased Premises

- (i) The Corporation has not had and does not own or have any rights to real property or interests in real property, of any nature whatsoever, except for the Corporation's occupation of the Leased Premises in accordance with the terms of the Lease.
- (ii) The Lease is valid and enforceable in accordance with its terms. The Corporation will continue to have the exclusive right to occupy and use the Leased Premises referred to thereunder in accordance with the arrangements currently in effect between the Corporation and landlord. The Corporation is not in default of any material obligations under the Lease. To the Principal's Knowledge, the landlord under the Lease is not in default in meeting any of its material obligations under the Lease.

(bb) Environmental Matters

- (i) All operations of the Corporation (including the condition of the Leased Premises and the soil and waters in, on or under the Leased Premises) are now and always have been in compliance in all respects with all applicable Environmental Laws. The Corporation is not, and the Leased Premises have not been or is now subject to any remedial order or judgment relating to compliance with Environmental Laws, nor has any investigation or Proceeding been commenced as to whether any such remedial Order or judgment is necessary nor has any threat of such remedial Order or judgment been made nor are there any circumstances that could result in the issuance of such an order or judgment.
- (ii) The Corporation is not a party to any indemnification agreement or other contractual obligation by which it has agreed to indemnify any third party for liability relating to compliance with or liability under any Environmental Laws or otherwise relating to any liability for Hazardous Substances.

(cc) Equipment Leases

Except for the Equipment Leases, the Corporation is not a party to or bound by any leases of personal property. All of the Equipment Leases are in full force and effect and no default exists on the part of the Corporation, or, to the Knowledge of the Principal on the part of any of the other parties thereto.

(dd) Books and Records

The Vendor has made available to the Purchaser all Books and Records of or relating to the Corporation. Such Books and Records fairly and correctly set out and disclose in all respects the financial position of the Corporation in accordance with good business practice and all financial transactions relating to the Corporation has been accurately recorded in its respective Books and Records. The Books and Records accurately reflect the basis for the financial condition and the revenues, expenses and results of operations of the Corporation shown in its Financial Statements and together with all disclosures made in this Agreement or in the schedules hereto, present fairly the financial condition and the revenues, expenses and results of the operations of the Corporation as of the Closing Date. No information, records or systems pertaining to the operation or administration of the Corporation is in the possession of, recorded, stored, maintained by or otherwise dependent on any other Person.

(ee) No Joint Venture Interests

The Corporation has not nor has it agreed to become, a partner, member, owner, proprietor or equity investor of or in any partnership, joint venture, co-tenancy or other similar jointlyowned business undertaking or to acquire or lease any other business operation and does not have any other significant investment interests in any similar Business owned or controlled by any third party.

(ff) Accounts Receivable

The accounts receivable of the Corporation reflected in its Financial Statements and all accounts receivable of the Corporation arising since [2017] arose from *bona fide* transactions in the ordinary course of business and are valid, enforceable and fully collectible accounts (subject to a reasonable allowance, consistent with past practice, for doubtful accounts as will be reflected in their respective Financial Statements and Accounting Records). Such accounts receivable are not subject to any set-off or counterclaim.

(gg) Suppliers

During the twelve (12) month preceding the Closing Date, the Corporation has not had any supplier terminate, or communicate to it in writing or, to the Knowledge of the Principal, verbally, the intention or threat to terminate its relationship with the Corporation, or the intention to substantially reduce the quantity of products or services it sells to the Corporation, except in the case of suppliers whose sales to the Corporation is not, in the aggregate, material to the Business or the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation, taken as a whole.

(hh) Customers

The Vendor has delivered to the Purchaser a true and complete list of all customers of the Corporation as of the date hereof. The Principal has no Knowledge of any facts which could reasonably be expected to result in the loss of any customers or sources of revenue of the Corporation which, in the aggregate, would be material to its Business or the

assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation taken as a whole.

(ii) **Restrictions on Doing Business**

The Corporation is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any person or in any geographical area or otherwise to conduct its Business as it may determine. To the Knowledge of the Principal, the Corporation is not subject to any legislation or any judgement, order or requirement of any court or governmental authority which is not of general application to persons carrying on a business similar to that carried on by them. To the Knowledge of the Principal, there are no facts or circumstances which could materially adversely affect the ability of the Corporation to continue to operate the Business as presently conducted following the completion of the transactions contemplated by this Agreement.

(ij) **Guarantees, Warranties and Discounts**

- (i) The Corporation has not given any guarantee or warranty in respect of any of the products sold or the services provided by it, except warranties made in the ordinary course of business in the form of their standard written warranty, a copy of which has been provided to the Purchaser, and except for warranties implied by law;
- (ii) during each of the three (3) fiscal years of the Corporation ended immediately preceding the date of this Agreement, no material claims have been made against it for breach of warranty or contract requirement or negligence or for a price adjustment or other concession in respect of any defect in or failure to perform or deliver any products, services or work; and
- (iii) the Corporation is not required to provide any letters of credit, bonds or other financial security arrangements in connection with any transactions with its suppliers or customers except in respect of contracts for the supply of inventories.

(kk) **HST Registration**

The Corporation is registered for purposes of Part IX of the *Excise Tax Act* (Canada).

(ll) **Interest in Suppliers and Competitors**

Neither of the Vendor, the Principal has directly or indirectly, any financial interest in any corporation, firm, association or business organization which is a supplier or competitor of the Corporation.

(mm) **Principal Indebtedness**

- 21 -

Other than for the amount reflected in the Financial Statements, the Principal Indebtedness is not evidenced by written instrument or security of the Corporation. The amount of the Principal Indebtedness is equal to [approximately \$200,000], and does not bear any interest. The Principal Indebtedness is not subject to any set-off or counterclaim rights, in any circumstance whatsoever.

(nn) **Privacy Matters**

The Corporation has conducted and is conducting the Business in compliance with Applicable Laws relevant to privacy and the protection of personal information.

(oo) **Broker's or Finder's Fees**

No agent, broker, Person or firm acting on behalf of the Vendor, the Principal or the Corporation is, or will be, entitled to any commission or broker's or finder's fees from any of the parties hereto, or from any Person controlling, controlled by or under common control with any of the parties hereto, in connection with any of the transactions contemplated by this Agreement.

(pp) **No Misrepresentations**

None of the foregoing representations and statements of fact contains any untrue statement of material fact or omits to state any material fact necessary to make any such statement or representation not misleading.

3.2 Representations and Warranties of Purchaser

The Purchaser represents and warrants to the Vendor, and acknowledges that the Vendor is relying on such representations and warranties, that the Purchaser is not, and immediately prior to the Closing Time will not be, a non-resident of Canada for the purposes of section 116 of the *Income Tax Act* (Canada), or a non-Canadian within the meaning of the *Investment Canada Act* (Canada).

3.3 Survival of Representations and Warranties

The representations and warranties herein of the Parties shall survive indefinitely.

**ARTICLE 4
COVENANTS**

4.1 Covenants of the Vendor and Principal on Closing

The Vendor and Principal, jointly and severally, covenant and agree with the Purchaser that on or before the Closing Date, and where applicable, thereafter, they will do or cause to be done the following:

- 22 -

- (a) **Delivery of Closing Documentation.** Deliver to the Purchaser at or before the Closing Time duly executed original copies of the following, each of which shall be in a form satisfactory to the Purchaser:
 - (i) a certified copy of a resolution of the director(s) of the Corporation approving the transfer of all Purchased Shares from the Vendor to the Purchaser;
 - (ii) a certified copy of a resolution of the trustee of the Vendor of the approving or authorizing the execution and delivery of this Agreement and the other agreements and documents contemplated hereby;
 - (iii) share certificate(s) representing all Purchased Shares duly endorsed for transfer; and
 - (iv) all such other necessary transfers, assignments and other documentation reasonably required to give effect to the transaction contemplated herein.
- (b) **Resignations.** Deliver resignations from the Principal as President, Secretary and Treasurer of the Corporation, effective on the Closing Date.
- (c) **No Indebtedness.** On the Closing Date the Corporation shall not be indebted to the Vendor, the Principal or to any Person with whom the Corporation or the Vendor and Principal do not deal at arm's length nor shall the Corporation be indebted, either directly or indirectly, to any Person for any matter which is unrelated to the Business.
- (d) **Registration Mortgage on Principal's Property.** The Vendor and Principal shall execute and deliver on Closing, all documentation associated with the Mortgage Security and the registration thereof, in form satisfactory to the Purchaser.

4.2 Purchaser's Covenants on Closing

The Purchaser covenant and agree with the Vendor that on or before the Closing Date and where applicable thereafter they will do or cause to be done the following:

- (a) **Payment of Purchase Price.** The Purchaser shall pay the amount payable by the applicable Purchaser on Closing to the Vendor pursuant to Section 2.1(b).
- (b) **Delivery of Closing Documentation.** Deliver to the Vendor at or before the Closing Time sufficient duly executed original copies of the following:
 - (i) a certified copy of a resolution of the board of directors of the corporate Purchaser approving this Agreement and the transactions contemplated under this Agreement; and
 - (ii) all such other necessary transfers, assignments and other documentation reasonably required to give effect to the transaction contemplated herein.

ARTICLE 5 INDEMNITY

5.1 Indemnification by Vendor and the Principal

The Vendor and the Principal, jointly and severally, indemnify, defend and save harmless the Purchaser and its respective Representatives and their respective successors and assigns from and against any and all Loss suffered or incurred by them, as a direct or indirect result of, or arising in connection with or related in any manner whatever to:

- (a) any misrepresentation or breach of warranty made or given by the Vendor or the Principal in this Agreement, in any Closing Document or in any document delivered pursuant to this Agreement;
- (b) any and all liability for Taxes and Governmental Charges and other claims:
 - (i) arising out of, under or pursuant to any assessment or reassessment for Taxes and Governmental Charges of the Corporation (or relating to the Business or the property of the Corporation) for any taxable period ending on or prior to November 30, 2017; and
 - (ii) attributable to neglect, carelessness or wilful default made or fraud committed in filing a Tax Return or supplying information prior to November 30, 2017 for the purposes of the Tax Act or any other legislation imposing Taxes and Governmental Charges on the Corporation;
- (c) any and all liability relating to or arising from the operation or conduct of the Business or the ownership or use of the Assets or Purchased Shares prior to November 30, 2017; or
- (d) any and all liability relating to or arising from the RBC Closing Indebtedness; or
- (e) any and all liability relating to or arising from the Principal Indebtedness.

The Parties agree that, for the purposes of this Article, any and all Loss suffered or incurred by the Corporation as a direct or indirect result of, or arising in connection with, or related in any manner to the matters referred to in this Section 5.1 shall, dollar-for-dollar, be deemed to be a Loss suffered or incurred by the Purchaser.

5.2 Indemnification by the Purchaser

The Purchaser shall defend and save harmless the Vendor, and its respective Representatives and permitted assigns, from and against any and all Loss suffered or incurred by them, as a direct or indirect result of, or arising in connection with or related in any manner whatsoever to:

- 24 -

- (a) any misrepresentation or breach of any warranty made or given by the Purchaser in this Agreements, in any Closing Document or in any document delivered pursuant to this Agreement or any Closing Document; or
- (b) any failure by the Purchaser to observe or perform in all material respects any covenant or obligation contained in this Agreement.

5.3 Set-Off

If the amount of any Loss or any other amount which by the terms of this Agreement becomes due and payable by the Vendor or the Principal, to the Purchaser, is not paid when due, the Purchaser shall be entitled, without in any way limiting the Purchaser's other remedies under this Agreement, to set-off against and deduct from any monies, indebtedness or other obligations that may at any time or from time to time be payable or owing to the Vendor or the Principal any amount due and payable by the Purchaser. The Purchaser agrees to provide the Vendor and Principal with thirty (30) days prior written notice of their intention to rely upon their rights under this Section 5.3. Such notice shall include a description of the claim or liability payable or owing to the Purchaser pursuant to this Article and the basis on which the Purchaser claims its rights hereunder.

5.4 Rights in Addition

The rights of indemnity set forth in this Article 5 are in addition and supplemental to any other rights, actions, claims or causes of action which may arise in respect of this Agreement, any Closing Document and the transactions contemplated hereby.

ARTICLE 6 GENERAL

6.1 Expenses

Each Party shall pay all expenses it incurs in authorized, preparing, executing and performing this Agreement and the transactions contemplated hereunder, whether or not the Closing occurs, including all fees and expenses of its legal counsel, bankers, brokers, accountants or other representatives or consultants.

6.2 Announcements

No announcements with respect to this Agreement will be made by any Party without the prior approval of the other Parties. The foregoing will not apply to any announcement by any Party required in order to comply with laws pertaining to timely disclosure, provided that such Party consults with the other parties before making any such announcement.

6.3 Time of the Essence

Time shall be of the essence hereof.

6.4 Notices

- 25 -

Any notice, demand or other communication (hereinafter in this Section 6.4 called a "notice") required or permitted to be given to a Party hereunder shall be in writing and shall be: (a) personally delivered to such Party or a responsible officer of such Party; (b) except during a period of strike, lockout or other postal disruption, sent by registered mail, postage prepaid; or (c) sent by telex, telegraph, facsimile or other form of recorded communication, charges prepaid, confirmed by prepaid registered mail. Any notices given pursuant to clauses 0 and 0 hereof shall be sent to the Parties at their respective addresses set out below:

- (a) in the case of a notice to the Vendor and Principal at:

Hossein Totanchian
63 63 Norbury Drive,
Markham, ON

Telephone Number:

- (b) in the case of a notice to the Purchaser addressed to it at:

Attention: Ardy Khavari
Chartreuse Bancorp Inc.
18 Dupont Street,
Toronto, ON M5R 1V2

Facsimile Number:

with a copy to:

Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Attention: John Polyzogopoulos

or at such other address as the Party to whom such notice is to be given shall have last notified to the Party giving the same in the manner provided in this Section 6.4. Any notice given by personal delivery shall be deemed to be given and received on the date of delivery provided that if such day is not a Business Day, then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice given by mail as aforesaid shall be deemed to have been given and received on the fourth Business Day next following the date of its mailing provided no postal strike is then in effect or comes into effect within four Business Days after such mailing. Any notice given by facsimile as aforesaid shall be deemed to be given and received by the Business Day that the facsimile is sent.

6.5 Assignment

Neither this Agreement nor any rights or obligations hereunder shall be assignable by any Party without the prior written consent of the other Parties. Subject thereto, this Agreement shall

- 26 -

enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors (including, without limitation, any successor by reason of the amalgamation of any Party) and permitted assigns.

6.6 Further Assurances

Each Party hereby agrees that it/he will do all such acts and execute all such further documents, conveyances, deeds, assignments, transfers and the like, and will cause the doing of all such acts and will cause the execution of all such further documents as are within its/his power as the other Party may in writing from time to time reasonably request be done and/or executed, in order to consummate the transactions contemplated hereby or as may be necessary or desirable to effect the purpose of this Agreement or any document, agreement or instrument delivered pursuant hereto and to carry out their provisions or to better or more properly or fully evidence or give effect to the transactions contemplated hereby, whether before or after the closing.

6.7 Counterparts

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

[SIGNING PAGE FOLLOWS]

- 27 -

IN WITNESS WHEREOF this Agreement has been executed on the date first above written.

THE HOSSEIN TOTONCHIAN 2012 FAMILY TRUST

By: H. Totonchian.
Name: Hossein Totonchian
Title: Trustee

Shima Moradi
Witness
HOSSEIN TOTONCHIAN

CHARTREUSE BANCORP INC.

By: Ardavan Khavari
Name: Ardy Khavari
Title:

2236715 ONTARIO LIMITED

By: Hossein Totanchian
Name: Hossein Totanchian
Title: President

TAB 7

Melinda Vine
Direct Line: (519)-661-6705
mvine@harrisonpensa.com

Assistant: Cathy Coleiro
Direct Line: (519) 850-5568
ccoleiro@harrisonpensa.com

July 17, 2018

BY EMAIL - jpolyzogopoulos@blaney.com

Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5
Attention: John Polyzogopoulos

Dear Mr. Polyzogopoulos:

Re: In the Matter of the Interim Receivership of 2236715 Ontario Limited o/a Luxury and Sports Cars
(Court File No. CV-18-00600821-00CL)

We are counsel for msi Spergel Inc. ("**Spergel**"), in its capacity as the court-appointed interim receiver (in such capacity, the "**Interim Receiver**") of 2236715 Ontario Limited o/a Luxury and Sports Cars ("**223**" or the "**Company**"). Spergel was appointed as Interim Receiver pursuant to the Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Commercial List Court**") made July 4, 2018 (the "**Appointment Order**"). A copy of the Appointment Order is attached and can also be obtained from the Interim Receiver's website at <http://www.spergel.ca/luxurycars/>.

The Interim Receiver has been provided with a share purchase agreement dated March 2, 2018 (the "**Share Purchase Agreement**") wherein, Chartreuse Bancorp Inc. ("**Chartreuse**") purchased 100 common shares of 223 for a purchase price of \$100. A copy of the Share Purchase Agreement is enclosed herein.

It is our understanding that Blaney McMurtry LLP ("**Blaney**") represented Chartreuse in respect of the Share Purchase Agreement.

Paragraph 6 of the Appointment Order provides that all Persons (as defined therein):

*shall forthwith advise the Interim 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto...*

HARRISON PENSA LLP
Lawyers

Page 2

Pursuant to and in accordance with the terms of the Appointment Order, the Interim Receiver requires that you furnish to it all of the books and records of 223 that are in Blaney's possession including but not limited to the accounts receivable listing as at November 30, 2017 mentioned in section 2.3(a) of the Share Purchase Agreement;

We also include herein a letter dated July 6, 2018 which was sent to Chartreuse (the "July 6th Letter"). The Interim Receiver did not receive a response to July 6th Letter.

We request that you please confirm that you are counsel for Chartreuse, Mohammad Moradi and Ardavan Khavari and that we may direct any further correspondence relating to this matter to you.

We thank you in advance for your cooperation in this matter.

Yours truly,

Harrison Pensa ^{LLP}



Melinda Vine
Email – mvine@harrisonpensa.com
Direct Line – 519-661-6705
MVI/cc
4228069_1

c: Mukul Manchanda, msi Spergel inc. (mmanchanda@spergel.ca) Interim Receiver

SHARE PURCHASE AGREEMENT

THIS AGREEMENT made as of the 2 day of March, 2018.

AMONG:

THE HOSSEIN TOTONCHIAN 2012 FAMILY TRUST (the "Vendor")

- and -

HOSSEIN TOTONCHIAN (the "Principal")

- and -

CHARTREUSE BANCORP INC. (the "Purchaser")

- and -

2236715 ONTARIO LIMITED (the "Corporation")

WHEREAS 2236715 Ontario Limited (d.b.a. Luxury and Sports Cars) (the "Corporation") carries on the business of buying and selling motor vehicles (the "Business");

AND WHEREAS the Vendor is the registered and beneficial owner of all of the issued and outstanding shares of the Corporation;

AND WHEREAS the Principal is the sole trustee of the Vendor and the sole director and officer of the Corporation;

AND WHEREAS the Vendor wishes to sell the Purchased Shares (as defined herein) to the Purchaser and the Purchaser desires to purchase all such shares from the Vendor as more particularly described and upon and subject to the terms and conditions hereinafter set forth;

NOW THEREFORE WITNESSETH that in consideration of the covenants, agreements, warranties and payments herein set out and provided for, the Parties hereto hereby respectively covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them in this Section 1.1:

- (a) "Accounting Records" means all of the Corporation's books of account, accounting records and other financial data and information, including copies of

- 2 -

filed Tax Returns and tax assessment notices;

- (b) **"Act"** means the *Business Corporations Act* (Ontario);
- (c) **"Agreement"** means this share purchase agreement including all attached schedules, as the same may be supplemented, amended, restated or replaced from time to time;
- (d) **"Annual Financial Statements"** means the unaudited annual financial statements of the Corporation for the fiscal years ended June 30, 2016 and June 30, 2017, each consisting of a balance sheet, income statement;
- (e) **"Applicable Law"** means, with respect to any Person, property, transaction, event or other matter, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, restriction, regulatory policy or guideline, bylaw (zoning or otherwise), or Order or other requirement (including a requirement arising at common law), or any consent, exemption, approval or Licence of any Governmental Authority, that applies in whole or in part to such Person, property, transaction, event or other matter;
- (f) **"Assets"** means all of the assets, real and personal, tangible and intangible, and undertaking of the Corporation;
- (g) **"Benefit Plans"** means all bonus, deferred compensation, incentive compensation, share purchase, share appreciation and share option, severance or termination pay, hospitalization or other medical benefits, life or other insurance, dental, disability, salary continuation, vacation, supplemental unemployment benefits, profitsharing, mortgage assistance, employee loan, employee assistance, pension, retirement or supplemental retirement plan or agreement (including without limitation any defined benefit or defined contribution pension plan and any group registered retirement savings plan), and each other employee benefit plan or agreement (whether oral or written, formal or informal, funded or unfunded) sponsored, maintained or contributed to or required to be contributed to by the Corporation for the benefit of any of the Employees, whether or not insured and whether or not subject to any Applicable Law, except that the term "Benefit Plans" shall not include any statutory plans with which the Corporation is required to comply, including the Canada/Quebec Pension Plan or plans administered pursuant to applicable provincial health tax, workers' compensation and unemployment insurance legislation;
- (h) **"Books and Records"** means the Accounting Records and all books, records, sales and purchase records, lists of suppliers, formulae, business reports and research and development information of the Corporation and plans and projections and all other documents, files, records, correspondence, and other data and information, financial or otherwise, which are relevant to the Corporation, including all data and information stored electronically or on

- 3 -

computer related media, which are in the possession of or subject to the control or direction of the Vendor or the Principal;

- (i) **"Business"** has the meaning assigned thereto in the recitals hereto;
- (j) **"Business Day"** means a day other than a Saturday or Sunday, on which Canadian chartered banks are open for the transaction of domestic business in Toronto, Ontario;
- (k) **"Closing Date"** means March 2, 2018 or such other date as the parties may agree upon;
- (l) **"Closing"** means the completion of all of the transactions contemplated by this Agreement which are to occur contemporaneously at the Time of Closing;
- (m) **"Closing Document"** means any document delivered at or subsequent to the Closing Time as provided in or pursuant to this Agreement;
- (n) **"Collective Agreement"** means any collective agreement, letters of understanding, letters of intent or other written communication with any trade union or association which may qualify as a trade union, which would cover any Employees;
- (o) **"Contracts"** means the contracts, agreements, licence agreements and other obligations of the Corporation including the Equipment Leases and the Lease;
- (p) **"Employees"** means all employees of the Corporation, whether full or part time, and whether permanent, temporary or hired on a contract basis and including those employees absent from work by reason of short or long-term disability, authorized leave of absence and pregnancy, maternity, paternal or parental leave;
- (q) **"Encumbrance"** means any encumbrance of any kind whatever and includes a security interest, mortgage, lien, hypothec, pledge, hypothecation, assignment, charge, trust or deemed trust (whether contractual, statutory or otherwise arising), a voting trust or pooling agreement with respect to securities, an adverse claim or any other right, option or claim of others of any kind whatever affecting the Assets or the Purchased Shares, any covenant or other agreement, restriction or limitation on the transfer of the Purchased Shares other than in the Act and a deposit by way of security;
- (r) **"Environment"** includes the air, surface water, underground water, any land, soil or underground space even if submerged under water or covered by a structure, all living organisms and the interacting natural systems that include components of air, land, water, organic and inorganic matters and living organisms and the environment or natural environment as defined in any Environmental Law and **"Environmental"** shall have a similar extended meaning;

- (s) **"Environmental Laws"** includes all federal, provincial, municipal or local statutes, regulations, bylaws, guidelines, policies or rules, and Orders of any Governmental Authority and the common law, relating in whole or in part to the Environment and includes those laws relating to the storage, generation, use, handling, manufacture, processing, transportation, import, export, treatment, actual or potential discharge, deposit, spill, leak, pumping, pouring, emission, emptying, injection, escape, leaching, seepage or disposal or disposal (by any means, including dumping, incineration, spraying, pumping, injecting, depositing or burying) of any Hazardous Substances and any laws relating to asbestos or asbestos containing materials in the Environment, in the workplace or in any building;
- (t) **"Equipment"** means all fixed assets and tangible personal property of the Corporation, including all equipment and all fixtures, furniture, furnishings, vehicles, computers, photocopiers, office equipment, implements, tools and spare parts used by the Corporation;
- (u) **"Equipment Leases"** means the leases of personal property;
- (v) **"Financial Statements"** means the Annual Financial Statements and the Interim Financial Statements;
- (w) **"Generally Accepted Accounting Principles"** means accounting standards for private enterprises in Canada as applicable as at the date on which any calculation or determination is required to be made in accordance with such standards;
- (x) **"Governmental Authority"** means any domestic or foreign government whether federal, provincial, state or municipal and any governmental agency, governmental authority, governmental tribunal or governmental commission of any kind whatever;
- (y) **"Hazardous Substances"** means any pollutant, contaminant, waste, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Law, including any that may impair the quality of any waters;
- (z) **"HST"** means all goods and service taxes, sales taxes levied by the federal government of Canada, value added taxes or multistage taxes and all provincial sales taxes integrated with such federal taxes (including the Quebec sales tax), assessed, rated or charged upon the Corporation;
- (aa) **"including"** means "including without limitation" and **"includes"** means "includes without limitation" and each of the terms "including" and "includes" shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it;

- 5 -

- (bb) **"Indemnified Party"** means any Person entitled to indemnification under this Agreement;
- (cc) **"Intellectual Property"** means any domestic and foreign intellectual property rights, including: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) designs, design registrations, design registration applications and integrated circuit topographies; (v) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; and (vi) any other intellectual property and industrial property;
- (dd) **"Knowledge"** means, with reference to any of the representations and warranties of the Vendor and Principal, the actual knowledge of the Principal and the knowledge which the Principal would have if he had conducted a reasonable inquiry with the responsible personnel within the Corporation into the relevant subject matter of such representation and warranty;
- (ee) **"Lease"** means the lease dated _____ made between the Corporation and _____;
- (ff) **"Leased Premises"** means the premises which is governed by the Lease and municipally known as [●];
- (gg) **"Licence"** means any licence, permit, approval, right, privilege, concession or franchise issued, granted, conferred or otherwise created by a Governmental Authority;
- (hh) **"Licensed Intellectual Property"** has the meaning assigned thereto in Section 3.1(bb)(i);
- (ii) **"Loss"** means any and all loss, liability, damage, cost, expense, charge, fine, penalty or assessment, resulting from or arising out of any claim, including the costs and expenses of any action, suit, proceeding, demand, assessment, judgment, settlement or compromise relating thereto and all interest, punitive damages, fines and penalties and reasonable legal fees and expenses incurred in connection therewith, including loss of profits and/or consequential damages;
- (jj) **"Material Contracts"** has the meaning assigned to such term in subsection 3.1(p);
- (kk) **"Mortgage Security"** has the meaning assigned to such term in Section 2.5;

- (ll) **"Occupational Health and Safety Acts"** means the *Occupational Health and Safety Act* (Ontario) and all other legislation of any jurisdiction dealing with any of the subject matter of that Act or with any aspect of the health or safety of employees;
- (mm) **"Order"** means any order (draft or otherwise), judgement, injunction, decree, award or writ of any court, tribunal, arbitrator, Governmental Authority, or other Person having jurisdiction;
- (nn) **"Owned Intellectual Property"** has the meaning assigned thereto in Section 3.1(bb)(i);
- (oo) **"Parties"** means the Persons who have executed and are bound by the terms of this Agreement collectively, and **"Party"** means any one of them;
- (pp) **"Pension Plan"** means each of the Benefit Plans that is a "Registered Pension Fund or Plan" as that term is defined in subsection 248(1) of the Tax Act;
- (qq) **"Permitted Encumbrances"** means those registrations made pursuant to the *Personal Property Security Act* (Ontario);
- (rr) **"Person"** shall be broadly interpreted and includes an individual, body corporate, partnership, joint venture, trust, association, unincorporated organization, the Crown, any Governmental Authority or any other entity recognized by law;
- (ss) **"Principal Indebtedness"** means the loan owed by Principal to the Corporation as at the Closing Date, including any costs, prepayment penalties, premiums, consent or other fees and costs in connection with any repayment thereof.
- (tt) **"Proceeding"** shall include any citation, directive, order, claim, litigation, investigation, study, judgement, notice, letter or other communication, written or oral, actual or threatened, from any court or Governmental Authority;
- (uu) **"Purchase Price"** means the purchase price to be paid by the Purchaser to the Vendor for the Purchased Shares as provided in Section 2.1(b);
- (vv) **"Purchased Shares"** means 100 common shares, being all of the common shares held by the Vendor in the capital of the Corporation;
- (ww) **"RBC Closing Indebtedness"** means all indebtedness, as of the AR Commencement Date, together with interest, fees, prepayment premiums and other expenses owed by the Corporation to Royal Bank of Canada in relation thereof, including all accrued and unpaid interest thereon, and any costs, prepayment penalties, premiums, consent or other fees and costs in connection with any repayment thereof;

- 7 -

- (xx) **"Representative"** means each director, officer, employee, agent, solicitor, accountant, professional advisor and other representative of a Party or an Indemnified Party (as defined in Article 5);
- (yy) **"Tax Act"** means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, and the provincial counterparts thereof, as the same may be amended from time to time;
- (zz) **"Taxes and Governmental Charges"** means all taxes and similar governmental charges, including:
 - (i) Canadian federal, provincial, municipal and local, foreign or other income, franchise, capital, real property, personal property, tangible, withholding, payroll, employer health, transfer, sales, use, excise, goods and services (including HST), consumption, antidumping, countervail and value added, employer health, real property and personal property and any other taxes, custom duties, fees, assessments or similar charges in the nature of a tax for which any of the Corporation may have any liability imposed by Canada or any province, municipality, country or foreign government or subdivision or agency thereof, whether disputed or not;
 - (ii) assessments, charges, duties, fees, imposts, levies or other governmental charges and interest, penalties or additions associated therewith;
 - (iii) all Canada Pension Plan contributions, unemployment insurance premiums and workers compensation premiums, together with any instalments with respect thereto; and
 - (iv) any interest, fines and penalties, imposed by any governmental authority (including federal, provincial, municipal and foreign governmental authorities), and whether disputed or not;
- (aaa) **"Tax Returns"** means all reports, returns and other documents filed or required to be filed by the Corporation in respect of Taxes and Governmental Charges or in respect of or pursuant to any domestic or foreign federal, provincial, state, municipal, territorial or other taxing statute; and
- (bbb) **"Time of Closing"** or **"Closing Time"** means 12:01 a.m. on the Closing Date;

1.2 General Interpretation

- (a) **Entire Agreement.** This Agreement, including the Schedules hereto, and the Closing Documents constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof. No supplement, modification, waiver or termination of this Agreement shall be

- 8 -

binding unless executed in writing by the Parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to constitute or shall constitute a waiver of any other provision (whether or not similar) nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

- (b) **Applicable 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 therein and shall be treated, in all respects, as an Ontario contract.
- (c) **Determination of Time.** When calculating the period of time within which or following when any act is to be done or steps taken pursuant to this Agreement, the date which is the reference date in calculating such period shall be included. If the last day for calculating such period is a non-business day the period in question shall end on the next Business Day.
- (d) **Interpretation Not Affected by Headings or Party Drafting.** The division of this Agreement into articles, sections, paragraphs, subsections and clauses and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the schedules to this Agreement and not to any particular article, section, paragraph, clause or other portion of this Agreement and include any agreement or instrument supplementary or ancillary to this Agreement. The parties to this Agreement acknowledges that their respective legal counsel have reviewed and participated in settling the terms of this Agreement.
- (e) **Number and Gender.** This Agreement shall be read with all changes of number and gender as required by the context.

ARTICLE 2

PURCHASE AND SALE OF PURCHASED SHARES

2.1 Purchase and Sale of Purchased Shares

- (a) At the Closing Time on the Closing Date, the Vendor shall sell to the Purchaser all of the Purchased Shares and the Purchaser shall purchase such shares from the Vendor upon and subject to the terms of this Agreement. The completion of the transaction of purchase and sale provided for in this Agreement shall take effect at the Closing Time.
- (b) The purchase price (the "**Purchase Price**") for the Purchased Shares shall be \$100.00.
- (c) The Purchaser shall pay and satisfy the Purchase Price on the Closing Date by cash or cheque.

2.2 Place of Closing

- 9 -

The Closing shall take place at the Time of Closing at the offices of the Purchaser's counsel or at such other place as may be agreed upon by the Vendor and the Purchaser or their respective counsel prior to the Closing Date.

2.3 Payment of RBC Closing Indebtedness

The Vendor and the Principal agree they are, jointly and severally, liable and responsible for the payment of the RBC Closing Indebtedness and the Parties agree to the following arrangements in relation to the payment thereof:

- (a) The Purchaser shall cause the Corporation to use commercially reasonable efforts, with the assistance of the Vendor, to collect any accounts receivable due or accruing due to the Corporation as at November 30, 2017 (the "**AR Commencement Date**") during the 6 month period following the AR Commencement Date (the "**Collection Period**"). The Corporation shall provide to the Vendor within five (5) Business Days at the end of the Collection Period, a collection report showing in reasonable detail the face amounts collected (the "**Collected AR**") and uncollected during such period. The computation shall in the absence of a manifest error be final and binding upon the Parties.
- (b) Within ten (10) Business Days (the "**First Settlement Date**") after the five Business Day period after the Collection Period set out in Section 2.3(a), the Vendor and the Principal shall become, jointly and severally, liable to the Purchaser for the amount, if any, by which the RBC Closing Indebtedness exceeds the Collected AR, which the Vendor and the Principal shall, on the First Settlement Date, pay to the Purchaser by bank draft, wire transfer or other immediately available funds.

2.4 Payment of Principal Indebtedness

The Vendor and the Principal agree they are jointly and severally liable to the Purchaser for any outstanding Principal Indebtedness, which the Vendor and the Principal shall pay forthwith, upon written notice from the Purchaser, to the Corporation by way of bank draft, wire transfer or other immediately available funds.

2.5 Security of Payment by Principal and Vendor

As continuing collateral security for the payment by the Vendor and the Principal of the RBC Closing Indebtedness, the Principal Indebtedness and any Loss indemnified under Section 5.1, on the date hereof subsequent to Closing, the Principal shall cause the Corporation to grant a third mortgage in favour of the Purchaser, incorporating standard charge terms 200033, on the property municipally known as 63 Norbury Drive, Markham, Ontario, L3S 3V2 (bearing the PIN 03736-0065 (LT)) (the "**Mortgage Security**")

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Vendor and the Principal

- 10 -

The Vendor and the Principal, jointly and severally, represent, warrant and covenant to the Purchaser as follows and acknowledges that the Purchaser is relying thereon in connection with its entering into this Agreement and the consummation of the transactions contemplated hereby:

(a) Corporate Status of the Corporation

The Corporation is duly incorporated and organized and is validly subsisting and in good standing under the laws of the jurisdiction of its incorporation. The Corporation has the corporate power to own or lease its property and to carry on the Business, as now being conducted. The Corporation is duly qualified as a corporation to do business and in good standing in each jurisdiction in which the nature of its Business makes such qualification necessary. Complete copies of the Articles of Incorporation and by-laws of the Corporation, together with all amendments thereto have been delivered to the Purchaser. No proceedings have been taken or authorized by the Corporation, the Vendor and the Principal, or to the Knowledge of the Principal, by any other Person, with respect to the bankruptcy, insolvency, liquidation, dissolution or winding-up of the Corporation or reorganization relating to the Corporation.

(b) Due Execution and Enforceability of Agreement and Closing Documents

This Agreement has been and each of the Closing Documents to which the Corporation, the Vendor and the Principal are a party will, on Closing, be duly executed and delivered by them, and this Agreement constitutes and the Closing Documents will on Closing constitute, valid and binding obligations of the Corporation, the Vendor and the Principal, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy laws and other laws of general application relating to creditors' rights or general principles of equity.

(c) Authorized Capital and Issued Capital

The authorized capital of the Corporation consists of an unlimited number of Common shares of which 100 Common shares are issued and outstanding. The issued capital of the Corporation is issued and outstanding as fully paid and non-assessable shares. The Vendor is the registered and beneficial owner of all the issued capital of the Corporation.

(d) Residence of the Vendor

The Vendor is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada).

(e) Title to Shares

The Vendor now has, and on Closing, the Purchaser will acquire, good and valid title to the Purchased Shares, free and clear of all Encumbrances. There are no restrictions on the transfer of the Purchased Shares except as set forth in the Articles of Incorporation of the Corporation.

- 11 -

(f) **No Options, etc.**

No Person other than the Purchaser, has any oral or written agreement, option, warrant, right, privilege or any other right capable of becoming any of the foregoing (whether legal, equitable, contractual or otherwise), for the purchase, subscription or issuance of any unissued shares, voting securities, convertible securities or rights of the Corporation.

(g) **Subsidiaries**

The Corporation does not (i) have any direct or indirect subsidiaries, (ii) hold, directly or indirectly, any shares or other ownership, equity or proprietary interests in any other Person, or (iii) have any agreement of any nature to acquire, directly or indirectly, any shares or other ownership, equity or proprietary interests in any other Person.

(h) **Financial Statements**

The Financial Statements:

- (i) have been prepared in accordance with Generally Accepted Accounting Principles, applied on a basis consistent with that of the preceding periods;
- (ii) fairly present the financial position of the Corporation as of their respective dates and the statements of earnings and cash flows contained in the Financial Statements fairly present the revenues, earnings and results of operations for the periods indicated; and
- (iii) are accurate and complete in all material respects and are based upon and are consistent with the Books and Records.

(i) **Corporate Records**

Complete and accurate records with respect to the issuance, transfer, redemption and cancellation of shares of stock of the Corporation are contained in the register of shareholders of the Corporation respectively. The minute books of the Corporation is complete and accurate in all respects and contain records of all minutes of meetings of and signed resolutions in writing of the shareholders and Board of Directors of the Corporation. The Corporation's register of shareholders and minute books have been made available to the Purchaser.

(j) **Absence of Conflicting Agreements**

None of the execution and delivery of, the observance and performance by the Vendor or Principal of any covenant or obligation under, this Agreement or any Closing Document, or the Closing:

- (i) contravenes or results in, or will contravene or result in, a violation of or a default under (with or without the giving of notice or lapse of time, or both) or in the acceleration of any obligation under:

- 12 -

- (a) any Applicable Law;
 - (b) any Licence;
 - (c) the constating documents, by-laws, directors or shareholders resolutions of the Corporation;
 - (d) the provisions of any agreement, lease, mortgage, security document, obligation or instrument to which the Vendor, the Principal, or the Corporation is a party, or by which any of them or the Assets are bound or affected;
- (ii) relieves any other party to any Contract of that party's obligations thereunder or enable it to terminate its obligations thereunder; or
 - (iii) results in the creation or imposition of any Encumbrance on the Corporation, the Purchased Shares or any of its Assets.

(k) Required Consents and Approvals

No consent, approval, Licence, Order, authorization, registration or declaration of, or filing (other than routine postclosing notifications or filings) with, any Governmental Authority or other Person (the "Consents") is required by the Vendor, the Principal or the Corporation, in connection with (a) the Closing or (b) the execution and delivery by the Vendor and the Principal of this Agreement or the Closing Documents, or (c) the observance and performance by the Vendor's obligations under this Agreement or the Closing Documents.

(l) Liabilities

The Corporation does not have any outstanding claims, liabilities or indebtedness, (including contingent or otherwise), other than liabilities set forth in the Financial Statements or referred to in the notes thereto or liabilities incurred subsequent to November 30, 2017, in the ordinary course of Business which are not in the aggregate material and adverse to the Corporation or the Purchased Shares and which do not violate any covenant contained in this Agreement or constitute a breach of any representation or warranty made in or pursuant to this Agreement and which are reflected in the respective Books and Records of the Corporation. The Corporation is not in default in respect of the terms or conditions of any indebtedness.

(m) Absence of Changes

Since November 30, 2017:

- (i) the Corporation has conducted the Business in the ordinary course;
- (ii) there has not been any change in the accounting principles, policies, practices or procedures of the Corporation;

- 13 -

- (iii) the Corporation has not incurred any debt, obligation or liability (fixed or contingent), except normal trade or business obligations incurred in the ordinary course of business;
 - (iv) the Corporation has not paid or satisfied any obligation or liability (fixed or contingent), except:
 - (A) current liabilities reflected in the Financial Statements;
 - (B) current liabilities incurred in the ordinary course of business; and
 - (C) scheduled payments pursuant to obligations under loan agreements or other contracts or commitments described in this Agreement or in the schedules to this Agreement;
 - (v) the Corporation has not created any Encumbrance (other than the Permitted Encumbrances) upon any of its Assets;
 - (vi) the Corporation has not sold, assigned, transferred, leased or otherwise disposed of any of its Assets, except in the ordinary course of business;
 - (vii) the Corporation has not purchased, leased or otherwise acquired any properties or assets, except in the ordinary course of business;
 - (viii) the Corporation has not waived, cancelled or written-off any rights, claims, accounts receivable or any amounts payable to it;
 - (ix) the Corporation has not made any material change in the method of billing customers or the credit terms made available by it to its customers;
 - (x) the Corporation has not suffered any damage, destruction or loss (whether or not covered by insurance) which has materially adversely affected the Business or the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation, taken as a whole;
 - (xi) the Corporation has not increased any form of compensation or other benefits payable or to become payable to any of the Employees including any increase in remuneration payable to the Vendor or the Principal; and
 - (xii) to the Knowledge of the Principal, the Corporation has not suffered any extraordinary loss relating to the Business.
- (n) **Matters Pertaining to Tax and Governmental Charges**
- (i) The Corporation has prepared and filed all Tax Returns with the appropriate Governmental Authorities for all fiscal periods ending prior to the date hereof. Each such Tax Return was correct and complete. True

- 14 -

copies of all Tax Returns prepared and filed by the Corporation during the past three years have been given to the Purchaser on or before the Closing Date. Such Tax Returns correctly reflect the income, expenses, business, assets, operations, activities and status of the Corporation at the time of such filing.

- (ii) The Corporation has paid all Taxes and Governmental Charges due and payable as reflected on its Tax Returns and has paid all assessments and reassessments it has received in respect of Taxes and Governmental Charges. Except for taxes accruing but not yet due and payable in the current period, the Corporation is not liable for any Taxes and Governmental Charges at the date hereof.
- (iii) There are no reassessments of Taxes and Governmental Charges that have been issued and are outstanding and no Governmental Authority has challenged, disputed or questioned the Corporation in respect of Taxes and Governmental Charges or any Tax Returns. The Corporation is not negotiating any draft assessment or reassessment with any Governmental Authority. The Principal has no Knowledge of any contingent liabilities of the Corporation for Taxes and Governmental Charges. The Vendor nor the Principal has received any oral or written communication from any Governmental Authority indicating that an assessment or reassessment is proposed in respect of any Taxes and Governmental Charges. The Corporation has not executed or filed with any Governmental Authority any agreement extending the period for assessment, reassessment or collection of any Taxes and Governmental Charges.
- (iv) The Corporation has withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are nonresidents of Canada for the purposes of the Tax Act, all amounts required by law and will continue to do so until the Closing Time and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. The Corporation has remitted all Canada Pension Plan contributions, unemployment insurance premiums, employer health taxes and other Taxes and Governmental Charges payable by it in respect of its employees and has or will have remitted such amounts to the proper Governmental Authority within the time required by Applicable Law. The Corporation has charged, collected and remitted on a timely basis all Taxes and Governmental Charges as required by Applicable Law on any sale, supply or delivery whatsoever, made by it.
- (v) The Business is the only business ever conducted by the Corporation.
- (vi) The Corporation has paid all Taxes and Governmental Charges imposed on the acquisition of its tangible personal property and on the receipt of all supplies of goods and services made to it.

- (vii) The Corporation has not disposed of any of the Assets to a related person (as defined in the Tax Act) for proceeds less than the fair market value of that Asset.

(o) **Material Contracts**

The Corporation has performed all of the obligations required to be performed by it in all material respects and is entitled to all benefits under, and is not in default or alleged to be in default in respect of, any Material Contract to which it is a party or by which it is bound; all such Material Contracts are in good standing and in full force and effect, and no event, condition or occurrence exists or has transpired that, after notice or lapse of time or both, would constitute a default under any of the foregoing or would indicate that any of such Material Contracts may be terminated within the next 120 days.

(p) **Absence of Guarantees**

The Corporation has given or agreed to give, and is not a party to or bound by, any guarantee of indebtedness or other obligations of third parties nor any other commitment by which the Corporation is, or is contingently, responsible for such indebtedness or other obligations other than as disclosed in the Financial Statements.

(q) **Restrictions on Business**

The Corporation is not a party to any agreement, lease, mortgage, security document, obligation or instrument, or subject to any restriction in its Articles of Incorporation, its bylaws, its Licences or its directors' or shareholders' resolutions or subject to any restriction imposed by any Governmental Authority or subject to any Applicable Law or Order which could restrict or interfere with the conduct of the Business or the use of the Assets or which could limit or restrict or otherwise adversely affect the Purchased Shares, the Assets or the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation taken as a whole, other than statutory provisions and restrictions of general application to the Business.

(r) **Compliance with Applicable Law**

The Corporation has conducted and is conducting the Business in compliance in all material respects with all Applicable Laws, and not in material breach of any Applicable Laws. The operation of the Corporation and the conduct of the Business as and where such Business is presently conducted and/or currently contemplated to be conducted, and the relationships among the Corporation and any Person who may provide services to or in conjunction with the Corporation are not in violation of Applicable Laws. The Corporation has not received any written notice of any such violations or of any pending investigation with respect to such matters, the subject of which has not been fully resolved.

(s) **Assets and Activities**

- 16 -

- (i) The Corporation has good and valid title to all of the Assets free and clear of all Encumbrances other than the Permitted Encumbrances.
- (ii) There is no agreement, option or other right or privilege outstanding in favour of any Person for the purchase from the Corporation of the Business or any part thereof or of any of the Assets of the Corporation, other than agreements or commitments entered into in the ordinary course of business.

(t) Employees

No Employee is employed under a contract which cannot be terminated by the Corporation with or without notice, except for those Employees who are employed on indefinite hiring requiring reasonable notice of termination by Applicable Law. The Corporation is in compliance in all material respects with all Applicable Laws relating to the employment of the Employees, including any obligations relating to employment standards legislation, pay equity legislation, worker's compensation legislation, occupational health and safety legislation, labour relations legislation, and human rights legislation. To the Knowledge of the Principal, there are no material employment standards, pay equity, workers' compensation, occupational health and safety, labour relations or human rights applications, proceedings, investigations, complaints, prosecutions or Orders outstanding, pending or threatened and the Principal is not aware of any state of facts which would provide a valid basis for any of the foregoing. The Vendor has provided the Purchaser with a copy of any pay equity policies or plans in effect. The Corporation has provided the Purchaser with known details of any outstanding obligations, Orders, complaints, investigations, or inquiries, under any applicable pay equity legislation. The Corporation has provided the Purchaser with a copy of all policies and posted directives with respect to human rights policies, procedures, and guidelines. The Corporation has operated in compliance in all material respects with such permits. All vacation pay, bonuses, commissions, termination pay, severance pay and other employee benefit payments of each of the Employees are reflected and have been accrued in the Books and Records.

(u) Collective Agreements

The Corporation is not now, nor has it ever been, a party, either directly or by operation of law, to any Collective Agreement. To the Knowledge of the Principal, there are no threatened or pending union organizing activities involving the Employees.

(v) Occupational Health and Safety

The Vendor has provided the Purchaser with access to all inspection reports under Occupational Health and Safety Acts relating to the Corporation. There are no outstanding inspection Orders nor, to the Knowledge of the Principal, are there any pending or threatened charges made under any Occupational Health and Safety Acts relating to the Corporation. There have been no fatal or critical accidents within the five years. The Corporation has each complied in all material respects with any Orders issued

- 17 -

under Occupational Health and Safety Acts. There are no appeals of any Orders under Occupational Health and Safety Acts relating to the Corporation which are currently outstanding.

(w) Workers' Compensation

There are no notices of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment (collectively, "assessments") or, to the Knowledge of the Principal any other communications related thereto which the Corporation has received from any workers' compensation board or similar authorities in any jurisdictions where the Business is carried on and there are no assessments which are unpaid on the date hereof and to the Knowledge of the Principal, there are no facts or circumstances which may result in an increase in liability to the Corporation from any applicable workers' compensation legislation, regulations or rules after the Closing Time. To the Knowledge of the Principal, the Corporation's accident cost experience relating to the Business is such that there are no pending or possible assessments and there are no claims or potential claims which may adversely affect the Corporation's accident cost experience.

(x) Litigation

There is no claim, demand, suit, action, cause of action, dispute, proceeding, litigation, investigation, grievance, arbitration, governmental proceeding or other proceeding including appeals and applications for review, initiated and in progress against, by or relating to the Corporation, its directors, officers, employees or agents, or to the Assets, nor to the Knowledge of the Principal, are any of the same pending or threatened. There is not at present outstanding against the Corporation any Order that adversely affects it in any material way or that in any way relates to this Agreement or the transactions contemplated in it.

(y) Insurance

The Corporation has not received notice of default with respect to any of the provisions contained in any such insurance policy. For any current material claim that has not been settled or finally determined, the Corporation has not failed to give any notice or present any claim under any such insurance policy in a due and timely fashion such that the insurer would be entitled to terminate coverage or deny liability on any such claim. All such policies of insurance are in full force and effect and the Corporation is in material default, whether as to the payment of premium or otherwise, under the terms of any such policy.

(z) Intellectual Property

- (i)** The Corporation has due and valid licences for all the Licensed Intellectual Property that it is using in the Business. The Corporation has not permitted or licensed any Person to use any of the Owned Intellectual Property.

- 18 -

- (ii) To the Knowledge of the Principal, there is no claim that any products used or sold by the Corporation or any method, advertising, or material that the Corporation employs in the marketing, or sale of any such product, breaches, violates, infringes or interferes with any rights of any Person.

(aa) Real Property and Leased Premises

- (i) The Corporation has not had and does not own or have any rights to real property or interests in real property, of any nature whatsoever, except for the Corporation's occupation of the Leased Premises in accordance with the terms of the Lease.
- (ii) The Lease is valid and enforceable in accordance with its terms. The Corporation will continue to have the exclusive right to occupy and use the Leased Premises referred to thereunder in accordance with the arrangements currently in effect between the Corporation and landlord. The Corporation is not in default of any material obligations under the Lease. To the Principal's Knowledge, the landlord under the Lease is not in default in meeting any of its material obligations under the Lease.

(bb) Environmental Matters

- (i) All operations of the Corporation (including the condition of the Leased Premises and the soil and waters in, on or under the Leased Premises) are now and always have been in compliance in all respects with all applicable Environmental Laws. The Corporation is not, and the Leased Premises have not been or is now subject to any remedial order or judgment relating to compliance with Environmental Laws, nor has any investigation or Proceeding been commenced as to whether any such remedial Order or judgment is necessary nor has any threat of such remedial Order or judgment been made nor are there any circumstances that could result in the issuance of such an order or judgment.
- (ii) The Corporation is not a party to any indemnification agreement or other contractual obligation by which it has agreed to indemnify any third party for liability relating to compliance with or liability under any Environmental Laws or otherwise relating to any liability for Hazardous Substances.

(cc) Equipment Leases

Except for the Equipment Leases, the Corporation is not a party to or bound by any leases of personal property. All of the Equipment Leases are in full force and effect and no default exists on the part of the Corporation, or, to the Knowledge of the Principal on the part of any of the other parties thereto.

(dd) Books and Records

The Vendor has made available to the Purchaser all Books and Records of or relating to the Corporation. Such Books and Records fairly and correctly set out and disclose in all respects the financial position of the Corporation in accordance with good business practice and all financial transactions relating to the Corporation has been accurately recorded in its respective Books and Records. The Books and Records accurately reflect the basis for the financial condition and the revenues, expenses and results of operations of the Corporation shown in its Financial Statements and together with all disclosures made in this Agreement or in the schedules hereto, present fairly the financial condition and the revenues, expenses and results of the operations of the Corporation as of the Closing Date. No information, records or systems pertaining to the operation or administration of the Corporation is in the possession of, recorded, stored, maintained by or otherwise dependent on any other Person.

(ee) No Joint Venture Interests

The Corporation has not nor has it agreed to become, a partner, member, owner, proprietor or equity investor of or in any partnership, joint venture, co-tenancy or other similar jointly owned business undertaking or to acquire or lease any other business operation and does not have any other significant investment interests in any similar Business owned or controlled by any third party.

(ff) Accounts Receivable

The accounts receivable of the Corporation reflected in its Financial Statements and all accounts receivable of the Corporation arising since [2017] arose from *bona fide* transactions in the ordinary course of business and are valid, enforceable and fully collectible accounts (subject to a reasonable allowance, consistent with past practice, for doubtful accounts as will be reflected in their respective Financial Statements and Accounting Records). Such accounts receivable are not subject to any set-off or counterclaim.

(gg) Suppliers

During the twelve (12) month preceding the Closing Date, the Corporation has not had any supplier terminate, or communicate to it in writing or, to the Knowledge of the Principal, verbally, the intention or threat to terminate its relationship with the Corporation, or the intention to substantially reduce the quantity of products or services it sells to the Corporation, except in the case of suppliers whose sales to the Corporation is not, in the aggregate, material to the Business or the assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation, taken as a whole.

(hh) Customers

The Vendor has delivered to the Purchaser a true and complete list of all customers of the Corporation as of the date hereof. The Principal has no Knowledge of any facts which could reasonably be expected to result in the loss of any customers or sources of revenue of the Corporation which, in the aggregate, would be material to its Business or the

assets, liabilities, operations, activities, earnings, prospects, affairs or financial position of the Corporation taken as a whole.

(ii) Restrictions on Doing Business

The Corporation is not a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any person or in any geographical area or otherwise to conduct its Business as it may determine. To the Knowledge of the Principal, the Corporation is not subject to any legislation or any judgement, order or requirement of any court or governmental authority which is not of general application to persons carrying on a business similar to that carried on by them. To the Knowledge of the Principal, there are no facts or circumstances which could materially adversely affect the ability of the Corporation to continue to operate the Business as presently conducted following the completion of the transactions contemplated by this Agreement.

(ij) Guarantees, Warranties and Discounts

- (i) The Corporation has not given any guarantee or warranty in respect of any of the products sold or the services provided by it, except warranties made in the ordinary course of business in the form of their standard written warranty, a copy of which has been provided to the Purchaser, and except for warranties implied by law;
- (ii) during each of the three (3) fiscal years of the Corporation ended immediately preceding the date of this Agreement, no material claims have been made against it for breach of warranty or contract requirement or negligence or for a price adjustment or other concession in respect of any defect in or failure to perform or deliver any products, services or work; and
- (iii) the Corporation is not required to provide any letters of credit, bonds or other financial security arrangements in connection with any transactions with its suppliers or customers except in respect of contracts for the supply of inventories.

(kk) HST Registration

The Corporation is registered for purposes of Part IX of the *Excise Tax Act* (Canada).

(ll) Interest in Suppliers and Competitors

Neither of the Vendor, the Principal has directly or indirectly, any financial interest in any corporation, firm, association or business organization which is a supplier or competitor of the Corporation.

(mm) Principal Indebtedness

- 21 -

Other than for the amount reflected in the Financial Statements, the Principal Indebtedness is not evidenced by written instrument or security of the Corporation. The amount of the Principal Indebtedness is equal to [approximately \$200,000], and does not bear any interest. The Principal Indebtedness is not subject to any set-off or counterclaim rights, in any circumstance whatsoever.

(nn) Privacy Matters

The Corporation has conducted and is conducting the Business in compliance with Applicable Laws relevant to privacy and the protection of personal information.

(oo) Broker's or Finder's Fees

No agent, broker, Person or firm acting on behalf of the Vendor, the Principal or the Corporation is, or will be, entitled to any commission or broker's or finder's fees from any of the parties hereto, or from any Person controlling, controlled by or under common control with any of the parties hereto, in connection with any of the transactions contemplated by this Agreement.

(pp) No Misrepresentations

None of the foregoing representations and statements of fact contains any untrue statement of material fact or omits to state any material fact necessary to make any such statement or representation not misleading.

3.2 Representations and Warranties of Purchaser

The Purchaser represents and warrants to the Vendor, and acknowledges that the Vendor is relying on such representations and warranties, that the Purchaser is not, and immediately prior to the Closing Time will not be, a non-resident of Canada for the purposes of section 116 of the *Income Tax Act* (Canada), or a non-Canadian within the meaning of the *Investment Canada Act* (Canada).

3.3 Survival of Representations and Warranties

The representations and warranties herein of the Parties shall survive indefinitely.

**ARTICLE 4
COVENANTS**

4.1 Covenants of the Vendor and Principal on Closing

The Vendor and Principal, jointly and severally, covenant and agree with the Purchaser that on or before the Closing Date, and where applicable, thereafter, they will do or cause to be done the following:

- 22 -

- (a) **Delivery of Closing Documentation.** Deliver to the Purchaser at or before the Closing Time duly executed original copies of the following, each of which shall be in a form satisfactory to the Purchaser:
 - (i) a certified copy of a resolution of the director(s) of the Corporation approving the transfer of all Purchased Shares from the Vendor to the Purchaser;
 - (ii) a certified copy of a resolution of the trustee of the Vendor of the approving or authorizing the execution and delivery of this Agreement and the other agreements and documents contemplated hereby;
 - (iii) share certificate(s) representing all Purchased Shares duly endorsed for transfer; and
 - (iv) all such other necessary transfers, assignments and other documentation reasonably required to give effect to the transaction contemplated herein.
- (b) **Resignations.** Deliver resignations from the Principal as President, Secretary and Treasurer of the Corporation, effective on the Closing Date.
- (c) **No Indebtedness.** On the Closing Date the Corporation shall not be indebted to the Vendor, the Principal or to any Person with whom the Corporation or the Vendor and Principal do not deal at arm's length nor shall the Corporation be indebted, either directly or indirectly, to any Person for any matter which is unrelated to the Business.
- (d) **Registration Mortgage on Principal's Property.** The Vendor and Principal shall execute and deliver on Closing, all documentation associated with the Mortgage Security and the registration thereof, in form satisfactory to the Purchaser.

4.2 Purchaser's Covenants on Closing

The Purchaser covenant and agree with the Vendor that on or before the Closing Date and where applicable thereafter they will do or cause to be done the following:

- (a) **Payment of Purchase Price.** The Purchaser shall pay the amount payable by the applicable Purchaser on Closing to the Vendor pursuant to Section 2.1(b).
- (b) **Delivery of Closing Documentation.** Deliver to the Vendor at or before the Closing Time sufficient duly executed original copies of the following:
 - (i) a certified copy of a resolution of the board of directors of the corporate Purchaser approving this Agreement and the transactions contemplated under this Agreement; and
 - (ii) all such other necessary transfers, assignments and other documentation reasonably required to give effect to the transaction contemplated herein.

ARTICLE 5 INDEMNITY

5.1 Indemnification by Vendor and the Principal

The Vendor and the Principal, jointly and severally, indemnify, defend and save harmless the Purchaser and its respective Representatives and their respective successors and assigns from and against any and all Loss suffered or incurred by them, as a direct or indirect result of, or arising in connection with or related in any manner whatever to:

- (a) any misrepresentation or breach of warranty made or given by the Vendor or the Principal in this Agreement, in any Closing Document or in any document delivered pursuant to this Agreement;
- (b) any and all liability for Taxes and Governmental Charges and other claims:
 - (i) arising out of, under or pursuant to any assessment or reassessment for Taxes and Governmental Charges of the Corporation (or relating to the Business or the property of the Corporation) for any taxable period ending on or prior to November 30, 2017; and
 - (ii) attributable to neglect, carelessness or wilful default made or fraud committed in filing a Tax Return or supplying information prior to November 30, 2017 for the purposes of the Tax Act or any other legislation imposing Taxes and Governmental Charges on the Corporation;
- (c) any and all liability relating to or arising from the operation or conduct of the Business or the ownership or use of the Assets or Purchased Shares prior to November 30, 2017; or
- (d) any and all liability relating to or arising from the RBC Closing Indebtedness; or
- (e) any and all liability relating to or arising from the Principal Indebtedness.

The Parties agree that, for the purposes of this Article, any and all Loss suffered or incurred by the Corporation as a direct or indirect result of, or arising in connection with, or related in any manner to the matters referred to in this Section 5.1 shall, dollar-for-dollar, be deemed to be a Loss suffered or incurred by the Purchaser.

5.2 Indemnification by the Purchaser

The Purchaser shall defend and save harmless the Vendor, and its respective Representatives and permitted assigns, from and against any and all Loss suffered or incurred by them, as a direct or indirect result of, or arising in connection with or related in any manner whatsoever to:

- 24 -

- (a) any misrepresentation or breach of any warranty made or given by the Purchaser in this Agreements, in any Closing Document or in any document delivered pursuant to this Agreement or any Closing Document; or
- (b) any failure by the Purchaser to observe or perform in all material respects any covenant or obligation contained in this Agreement.

5.3 Set-Off

If the amount of any Loss or any other amount which by the terms of this Agreement becomes due and payable by the Vendor or the Principal, to the Purchaser, is not paid when due, the Purchaser shall be entitled, without in any way limiting the Purchaser's other remedies under this Agreement, to set-off against and deduct from any monies, indebtedness or other obligations that may at any time or from time to time be payable or owing to the Vendor or the Principal any amount due and payable by the Purchaser. The Purchaser agrees to provide the Vendor and Principal with thirty (30) days prior written notice of their intention to rely upon their rights under this Section 5.3. Such notice shall include a description of the claim or liability payable or owing to the Purchaser pursuant to this Article and the basis on which the Purchaser claims its rights hereunder.

5.4 Rights in Addition

The rights of indemnity set forth in this Article 5 are in addition and supplemental to any other rights, actions, claims or causes of action which may arise in respect of this Agreement, any Closing Document and the transactions contemplated hereby.

ARTICLE 6 GENERAL

6.1 Expenses

Each Party shall pay all expenses it incurs in authorized, preparing, executing and performing this Agreement and the transactions contemplated hereunder, whether or not the Closing occurs, including all fees and expenses of its legal counsel, bankers, brokers, accountants or other representatives or consultants.

6.2 Announcements

No announcements with respect to this Agreement will be made by any Party without the prior approval of the other Parties. The foregoing will not apply to any announcement by any Party required in order to comply with laws pertaining to timely disclosure, provided that such Party consults with the other parties before making any such announcement.

6.3 Time of the Essence

Time shall be of the essence hereof.

6.4 Notices

Any notice, demand or other communication (hereinafter in this Section 6.4 called a "notice") required or permitted to be given to a Party hereunder shall be in writing and shall be: (a) personally delivered to such Party or a responsible officer of such Party; (b) except during a period of strike, lockout or other postal disruption, sent by registered mail, postage prepaid; or (c) sent by telex, telegraph, facsimile or other form of recorded communication, charges prepaid, confirmed by prepaid registered mail. Any notices given pursuant to clauses 0 and 0 hereof shall be sent to the Parties at their respective addresses set out below:

- (a) in the case of a notice to the Vendor and Principal at:

Hossein Totanchian
63 63 Norbury Drive,
Markham, ON

Telephone Number:

- (b) in the case of a notice to the Purchaser addressed to it at:

Attention: Ardy Khavari
Chartreuse Bancorp Inc.
18 Dupont Street,
Toronto, ON M5R 1V2

Facsimile Number:

with a copy to:

Blaney McMurtry LLP
2 Queen Street East, Suite 1500
Toronto, ON M5C 3G5

Attention: John Polyzogopoulos

or at such other address as the Party to whom such notice is to be given shall have last notified to the Party giving the same in the manner provided in this Section 6.4. Any notice given by personal delivery shall be deemed to be given and received on the date of delivery provided that if such day is not a Business Day, then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice given by mail as aforesaid shall be deemed to have been given and received on the fourth Business Day next following the date of its mailing provided no postal strike is then in effect or comes into effect within four Business Days after such mailing. Any notice given by facsimile as aforesaid shall be deemed to be given and received by the Business Day that the facsimile is sent.

6.5 Assignment

Neither this Agreement nor any rights or obligations hereunder shall be assignable by any Party without the prior written consent of the other Parties. Subject thereto, this Agreement shall

- 26 -

enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, successors (including, without limitation, any successor by reason of the amalgamation of any Party) and permitted assigns.

6.6 Further Assurances

Each Party hereby agrees that it/he will do all such acts and execute all such further documents, conveyances, deeds, assignments, transfers and the like, and will cause the doing of all such acts and will cause the execution of all such further documents as are within its/his power as the other Party may in writing from time to time reasonably request be done and/or executed, in order to consummate the transactions contemplated hereby or as may be necessary or desirable to effect the purpose of this Agreement or any document, agreement or instrument delivered pursuant hereto and to carry out their provisions or to better or more properly or fully evidence or give effect to the transactions contemplated hereby, whether before or after the closing.

6.7 Counterparts

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument.

[SIGNING PAGE FOLLOWS]

- 27 -

IN WITNESS WHEREOF this Agreement has been executed on the date first above written.

THE HOSSEIN TOTONCHIAN 2012 FAMILY TRUST

By: H. Totonchian.
Name: Hossein Totonchian
Title: Trustee

Shima Moradi
Witness
HOSSEIN TOTONCHIAN

CHARTREUSE BANCORP INC.

By: Ardavan Khavari
Name: Ardy Khavari
Title:

2236715 ONTARIO LIMITED

By: Hossein Totanchian
Name: Hossein Totanchian
Title: President

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

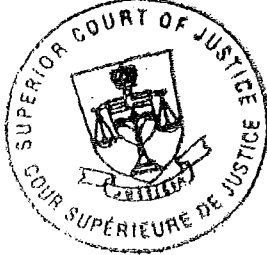
JUSTICE HAINEY

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WEDNESDAY, THE 4th

DAY OF JULY, 2018

BETWEEN:



ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

ORDER

THIS APPLICATION, made by Royal Bank of Canada ("RBC"), for an Order, *inter alia*, pursuant to subsection 47(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. ("Spergel") as interim receiver (in such capacity, the "Interim Receiver"), without security, of all of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "Debtor") acquired for, or used in relation to the Debtor's business, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Kevin Leung sworn July 3, 2018 and the exhibits thereto (the "**Leung Affidavit**"), the consent of Spergel to act as the Interim Receiver, and on hearing the submissions of counsel for RBC, no one appearing for any other person on the service list, although served as appears from the affidavit of service of Diana McMillen sworn July 3rd, 2018, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to subsection 47(1) of the BIA and section 101 of the CJA, Spergel is hereby appointed Interim 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**") until the earlier of:

- (a) the taking of possession by a receiver, within the meaning of subsection 243(2) of the BIA, of the Property;
- (b) the taking of possession by a trustee in bankruptcy of the Property; and
- (c) August 3, 2018.

INTERIM RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Interim 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 Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:

- (a) to monitor the Debtor's receipts and disbursements, including, without limitation, the right to access all information relating to the Debtor's accounts or finance activities at any financial institution;
- (b) to 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 investigate and prepare a financial report as to the operations of the Debtor which will include the assets, liabilities and disposition of all Property for the twelve (12) month period preceding the date of this Order;
- (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 Interim Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to summarily dispose of the Property that is perishable or likely to depreciate rapidly in value;
- (f) to conduct examinations, if deemed necessary, including, without limitation, an examination of Hussein Totonchian and Tana Totonchian;
- (g) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate on all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable; and
- (h) 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 Interim 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 INTERIM 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 Interim 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 Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver’s request. For greater certainty, the Debtor and/or Hussein Totonchian personally shall immediately provide to the Interim Receiver the information requested by RBC’s counsel by way of its email dated June 25, 2018, addressed to the Debtor’s counsel.

5. **THIS COURT ORDERS** that, upon receiving a request by the Interim Receiver, the Ministry of Transportation, Service Ontario, and/or any other government department, ministry or agency responsible for vehicle registration in any other Province or Territory of Canada, are hereby directed to provide the Interim Receiver with details relating to any transfer of ownership of any of the Property, including, without limitation, the identities of the parties to the transfer, the consideration paid and any other details reasonably incidental thereto.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Interim 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim 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 Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. **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 Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE INTERIM 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 Interim Receiver except with the written consent of the Interim 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 Interim 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 Interim Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Interim 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 Debtor to carry on any business which the Debtor is not lawfully entitled to carry on; (ii) exempt 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 INTERIM 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 Interim 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 are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services, 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 Debtor 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 Debtor, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim 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 Interim 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 Interim 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. The Interim Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Interim Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) and 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* and any other applicable provincial privacy legislation, the Interim 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 Interim 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 Interim 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 Interim 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 Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Interim 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 INTERIM RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 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 Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

INTERIM RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the "**Interim 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 Interim 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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Interim Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Interim 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 Interim 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 normal rates and charges of the Interim Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

SERVICE AND NOTICE

21. **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/eservice-commercial/>) 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: <http://www.spergel.ca/luxurycars/>.

22. **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

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

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

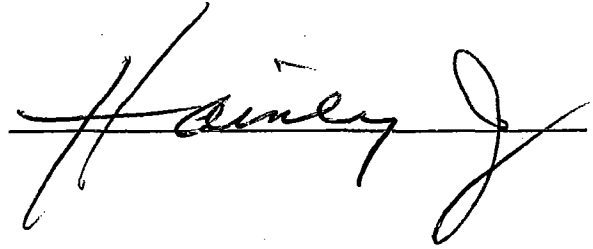
25. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

26. **THIS COURT ORDERS** that the Interim 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 Interim 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.

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

28. **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 Interim 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.

A handwritten signature in black ink, appearing to read "Hainey J.", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 04 2018

PER / PAR: *RW*

ROYAL BANK OF CANADA

Applicant

- and -

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS
CARS

Respondent

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

INTERIM RECEIVERSHIP ORDER

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Lawyers for Royal Bank of Canada

TAB 5

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**AFFIDAVIT OF KEVIN LEUNG
(sworn July 3, 2018)**

I, **KEVIN LEUNG**, of the City of Brampton, in the Province of Ontario, **MAKE OATH
AND SAY AS FOLLOWS:**

1. I am a Manager in the Special Loans and Advisory Services Department at Royal Bank of Canada ("RBC"), a secured creditor of 2236715 Ontario Limited o/a Luxury and Sports Cars, the respondent herein (the "**Debtor**"). As such, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

DESCRIPTION OF THE DEBTOR

2. The Debtor is a corporation incorporated on March 10, 2010 pursuant to the laws of the Province of Ontario. A copy of the Debtor's corporation profile report is attached as **Exhibit A** to this Affidavit.

3. The Debtor operates as a dealership of used luxury and sports cars.

4. According to the Debtor's corporation profile report, Hossein Totonchian is the Debtor's sole director and officer. To the best of my knowledge, Tana Totonchian is Mr. Totonchian's wife.

5. The Debtor's corporation profile report indicates that the Debtor's head office is located at the address municipally known as 4160 Steeles Avenue West, Toronto, Ontario, L4L 3S8.

RBC CREDIT FACILITIES AND RBC SECURITY

6. The Debtor is currently indebted to RBC with respect to certain credit facilities (the "**Credit Facilities**") granted by RBC pursuant to and under the terms of: (i) a letter agreement dated May 28, 2013 and accepted June 10, 2013 (as may have been amended, replaced, restated or supplemented from time to time, the "**Credit Agreement**"); and (ii) a VISA business card agreement dated June 17, 2013 (together with the Credit Agreement, the "**Credit Agreements**"). A copy of the Credit Agreement is attached as **Exhibit B** to this Affidavit and a copy of the VISA business card agreement is attached as **Exhibit C** to this Affidavit.

7. As security for its obligations to RBC, the Debtor provided security in favour of RBC, including, without limitation, a General Security Agreement dated June 10, 2013 (the

“Security”), registration of which was duly made pursuant to the *Personal Property Security Act* (Ontario) (the “PPSA”). A copy of the Security is attached as **Exhibit D** to this Affidavit.

8. RBC has also made separate registrations pursuant to the PPSA against certain specific motor vehicles which are covered by the Security.

9. The obligations of the Debtor to RBC were guaranteed by Hossein Totonchian and Tana Totonchian (together, the “**Guarantors**” and, collectively with the Debtor, the “**Credit Parties**”) pursuant to and under the terms of a Guarantee and Postponement of Claim dated June 10, 2013 limited to the sum of \$490,000, together with interest thereon from the date of demand for payment at a rate equal to RBC’s prime interest rate plus five percent (5%) (the “**Guarantee**”). A copy of the Guarantee is attached as **Exhibit E** to this Affidavit.

THE DEBTOR’S OTHER SECURED CREDITORS

10. Copies of the certified PPSA search results for the Debtor, with currency to June 6, 2018, together with the verbal PPSA search results, with currency to July 2, 2018, are attached as **Exhibit F** to this Affidavit.

11. The PPSA search results show that RBC has a registration in first place over all the assets, properties and undertakings of the Debtor, and that RBC has also made separate registrations against certain vehicles which were located at the Debtor’s premises, and which are covered by the Security.

12. Nextgear Capital has a registration in second place over all the assets, properties and undertakings of the Debtor, together with a number of further second place registrations in the

name of Nextgear Capital Corporation over specific motor vehicles. There are also a number of second place registrations over specific motor vehicles in favour of Chartreuse Bancorp Inc.

FINANCIAL DIFFICULTIES AND DEFAULT

13. The Debtor has not provided RBC with any margin reporting or financial information since November 30, 2017. This failure constitutes a default under the Credit Agreements.

14. By letter dated April 10, 2018, RBC made written demand for payment of the indebtedness on the Debtor (the "**Demand Letter**"). The Demand Letter was accompanied by a Notice of Intention to Enforce Security addressed to the Debtor prepared pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA Notice**"). Copies of the Demand Letter and the BIA Notice are attached as **Exhibit G** to this Affidavit.

15. By letter dated April 10, 2018, RBC also made written demand for payment of the indebtedness on the Guarantors. (the "**Guarantor Demand Letter**" and, together with the Demand Letter, the "**Demand Letters**"). A copy of the Guarantor Demand Letter is attached as **Exhibit H** to this Affidavit.

16. Following the issuance of the Demand Letter and the Guarantor Demand Letter, RBC and the Credit Parties executed a forbearance agreement dated May 11, 2018 (the "**Forbearance Agreement**"). A copy of the Forbearance Agreement is attached as **Exhibit I** to this Affidavit.

17. Pursuant to the Forbearance Agreement, among other things:

- (a) the Credit Parties acknowledged that certain defaults under the Credit Agreements had occurred and were continuing;
- (b) RBC agreed to forbear from exercising its rights and remedies under the Credit Agreements, the Guarantee, the Security, the PPSA and other applicable law, until the earlier of October 26, 2018, or the occurrence of an Intervening Event (as defined in the Forbearance Agreement) (the **"Forbearance Period"**);
- (c) the Debtor executed a consent to the immediate private or court-appointment of an interim receiver, receiver or receiver and manager (the **"Secured Consent"**), to be held in escrow by RBC's counsel and used in the event of termination of the Forbearance Period if RBC is not repaid in full;
- (d) each of the Credit Parties executed a consent to immediate judgment in favour of RBC in respect of all amounts owing under the Credit Agreements and the Guarantee (the **"Consent to Judgment"**), to be held in escrow by RBC's counsel and used in the event of termination of the Forbearance Period if RBC is not repaid in full;
- (e) each of the Secured Consent and the Consent to Judgment is effective immediately upon its execution and delivery to RBC, notwithstanding any failure by the Debtor to fulfill any conditions precedent specified in the Forbearance Agreement;

- (f) each of the Credit Parties agreed to continue to honour the reporting requirements set out in the Credit Agreements, as amended by the Forbearance Agreement, and to strictly adhere to such requirements during the Forbearance Period;
- (g) each of the Credit Parties agreed to cooperate fully with RBC, including, without limitation, by providing promptly all required information, and providing RBC with full access to the books, records, property, assets and personnel of the Credit Parties; and
- (h) each of the Credit Parties covenanted and agreed with RBC not to do any act or thing which may have the effect of defeating or delaying the enforcement of RBC's rights and remedies under the Security, among other agreements.

18. Among other things, the Forbearance Agreement included a condition precedent requiring the Debtor to provide RBC with a margin report as at the close of business on each of December 31, 2017, and March 31, 2018. The Debtor failed to deliver the required margin report, and accordingly, RBC's obligation to forbear from enforcing its rights and remedies was never engaged.

19. In light of the Debtor's failure to deliver the required margin report, on or about June 4, 2018, with the consent of the Debtor, RBC engaged msi Spergel inc. ("**Spergel**") as a consultant (in such capacity, the "**Consultant**") to, among other things, review and report to RBC with regard to the Debtor's financial and operational performance, and to evaluate RBC's security position.

20. On or about June 15, 2018, Mukul Manchanda, an employee of the Consultant, attended at the Debtor's premises to carry out its mandate. At that attendance, Mr. Manchanda discovered that substantially all of the Debtor's personal property (i.e. the used cars that form the Debtor's inventory) had been removed from the premises, effectively defeating the enforcement of RBC's rights and remedies under the Security.

21. As a result, RBC is entitled to rely on the Secured Consent and the Consent to Judgment.

INITIATION OF LEGAL PROCEEDINGS

22. On June 18, 2018, RBC issued a statement of claim naming each of the Credit Parties as defendants, and seeking judgment in accordance with the Consent to Judgment. A copy of the statement of claim is attached as **Exhibit J** to this Affidavit.

23. On June 20, 2018, counsel for the Credit Parties served a notice of intent to defend, a copy of which is attached as **Exhibit K** to this Affidavit.

24. Since the initiation of legal proceedings, RBC's counsel has made repeated requests of the Credit Parties' counsel to provide information as to the current whereabouts of the vehicles over which RBC holds security, and which the Debtor surreptitiously removed from its premises. The Credit Parties' counsel has refused to provide this information, citing the ongoing legal proceedings. The relevant correspondence is attached as **Exhibit L** to this Affidavit.

25. RBC remains entitled to this information in accordance with the terms of the Security. The Debtor's refusal to provide this information raises serious concerns as to whether the Debtor will be able to repay its obligations to RBC.

26. As set out in the Demand Letters, as at April 9, 2018, the total indebtedness of the Debtor to RBC amounted to approximately \$450,284.84 in principal and interest, plus accruing interest and any all recovery costs and expenses, including, without limitation, RBC's legal and other professional fees (collectively, the "**Indebtedness**").

27. As of the date of the swearing of this Affidavit, none of the Credit Parties have paid any amounts towards the Indebtedness.

APPOINTMENT OF AN INTERIM RECEIVER

28. The Debtor has breached the terms of the Credit Agreements by, among other things, failing to report to RBC and taking steps to defeat RBC's enforcement of its Security. RBC is concerned about the ability of the Credit Parties to pay and perform their respective obligations to RBC.

29. The Debtor has shown itself to be insolvent and unable to fulfill all its obligations to RBC.

30. RBC wishes to take any and all steps necessary to protect the property of the Debtor and realize on same.

31. RBC has, at all times, acted in good faith towards the Debtor. At this time, however, it considers it reasonable and prudent for it to begin the enforcement of its Security in an effort to recover its outstanding loans to the Debtor and it is within RBC's rights to do so.

32. Given the various interests in the assets of the Debtor and the nature of the collateral, RBC believes that the appointment of an interim receiver will enhance the prospect of recovery by RBC.

33. In the circumstances set out above, I believe that it is just and equitable that an interim receiver be appointed. An interim receiver is necessary for the protection of both the Debtor's estate, the interests of RBC and, perhaps, other stakeholders.

34. RBC proposes that Spergel be appointed as interim receiver of the Debtor. Spergel is a licensed trustee in bankruptcy and is familiar with the circumstances of the Debtor and its arrangements with RBC.

35. Spergel has consented to act as interim receiver should the Court so appoint it.

36. This Affidavit is made in support of the within application for the appointment of Spergel as interim receiver of the Debtor, and for no other or improper purpose whatsoever.

SWORN before me at the City of
Toronto, in the Province of Ontario,
this 3rd day of July, 2018.

Commissioner for taking affidavits, etc.

Miranda Spence

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Kevin Leung

KEVIN LEUNG

ROYAL BANK OF CANADA

- and -

**2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS
CARS**

Applicant

Respondent

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**AFFIDAVIT OF KEVIN LEUNG
(sworn July 3, 2018)**

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Lawyers for Royal Bank of Canada

TAB 6

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**AFFIDAVIT OF KEVIN LEUNG
(sworn July 25, 2018)**

I, **KEVIN LEUNG**, of the City of Brampton, in the Province of Ontario, **MAKE OATH
AND SAY AS FOLLOWS:**

1. I am a Manager in the Special Loans and Advisory Services Department at Royal Bank of Canada ("**RBC**"), a secured creditor of 2236715 Ontario Limited o/a Luxury and Sports Cars, the respondent herein (the "**Debtor**"). As such, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.

2. I previously swore an affidavit dated July 3, 2018 (the “**First Leung Affidavit**”) in support of RBC’s application to appoint msi Spergel inc. (“**Spergel**”) as interim receiver, without security, of all the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Debtor’s business. Spergel was so appointed (in such capacity, the “**Interim Receiver**”) by way of the order of the Honourable Justice Hainey dated July 4, 2018 (the “**Interim Receivership Order**”), a copy of which is attached hereto as **Exhibit A**.

3. I swear this affidavit to supplement the grounds set out in the First Leung Affidavit, in support of RBC’s motion to appoint Spergel as receiver of all the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Debtor’s business. Any defined terms not otherwise defined herein have the meanings ascribed to them in the First Leung Affidavit.

CHANGE IN CONTROL OF THE DEBTOR

4. As set out at paragraphs 16-18 of the First Leung Affidavit, following RBC’s issuance of demands as against each of the Debtor and the Guarantors, RBC, the Debtor and the Guarantors signed a forbearance agreement dated May 11, 2018 (the “**Forbearance Agreement**”).

5. Mr. Hossein Totonchian signed the Forbearance Agreement on behalf of the Debtor. He is identified in the Forbearance Agreement as the “President” of the Debtor, which title was confirmed in the Debtor’s corporation profile report as of that date. Currently, Mr. Totonchian remains listed as the Debtor’s sole director and officer. Copies of the Debtor’s corporation profile report as at May 11, 2018, and July 24, 2018, are attached hereto as **Exhibit B**.

6. The Forbearance Agreement was signed after numerous communications between RBC and RBC’s counsel, Aird & Berlis LLP, and Mr. Totonchian and the Debtor’s counsel, Matthew

Soble of Soble, Rickards & Associates, including an in-person meeting held on April 26, 2018, among Mr. Totonchian, myself, and Ian Aversa of Aird & Berlis LLP.

7. At all times, the Debtor and Mr. Totonchian represented to RBC that Mr. Totonchian had the authority to speak for, and sign documents on behalf, of the Debtor.

8. Following its appointment, the Interim Receiver conducted an examination of Mr. Totonchian on July 12, 2018. I am advised by the Interim Receiver that at that examination, Mr. Totonchian disclosed, for the first time, that Mr. Totonchian and the Hossein Totonchian 2012 Family Trust had purportedly entered into a share purchase agreement dated March 2, 2018, pursuant to which all of the shares in the Debtor had been purportedly sold to Chartreuse Bancorp Inc. effective March 2, 2018. In connection with the purported sale, Mr. Totonchian had also purportedly resigned as an officer of the Debtor. Copies of the share purchase agreement and resignation are attached to the First Report of the Interim Receiver dated July 25, 2018 (the “**First Report**”).

9. The Debtor’s and Mr. Totonchian’s failure to disclose this change in control to RBC, at a time when RBC, the Debtor and Mr. Totonchian were actively negotiating the Debtor’s lending arrangements with RBC, raises serious concerns about the Debtor’s operation of its business, and RBC’s ability to recover the amounts owing to it.

10. The Interim Receivership Order expires August 3, 2018, unless a receiver or trustee in bankruptcy takes possession of the Property (as defined in the Interim Receivership Order). I verily believe that the appointment of Spergel as Receiver is required to protect RBC’s interests, and to enhance the prospect of recovery by RBC.

11. This Affidavit is made in support of the within motion for the appointment of Spergel as Receiver of the Debtor, and for no other or improper purpose whatsoever.

SWORN before me at the City of
Toronto, in the Province of Ontario,
this 25th day of July, 2018.

Commissioner for taking affidavits, etc.

Miranda Spau

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KEVIN LEUNG

ROYAL BANK OF CANADA

- and -

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS
CARS

Applicant

Respondent

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**AFFIDAVIT OF KEVIN LEUNG
(sworn July 25, 2018)**

AIRD & BERLIS LLP
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Lawyers for Royal Bank of Canada

Tab A

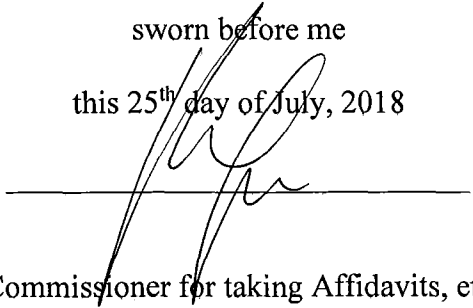
Attached is **Exhibit "A"**

referred to in the

Affidavit of KEVIN LEUNG

sworn before me

this 25th day of July, 2018



Commissioner for taking Affidavits, etc

Court File No. CV-18-00600821-00CL

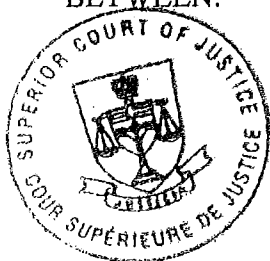
**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE
JUSTICE HAINES

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)
)

WEDNESDAY, THE 4th
DAY OF JULY, 2018

BETWEEN:



ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

ORDER

THIS APPLICATION, made by Royal Bank of Canada ("RBC"), for an Order, *inter alia*, pursuant to subsection 47(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. ("Spergel") as interim receiver (in such capacity, the "Interim Receiver"), without security, of all of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "Debtor") acquired for, or used in relation to the Debtor's business, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Kevin Leung sworn July 3, 2018 and the exhibits thereto (the "Leung Affidavit"), the consent of Spergel to act as the Interim Receiver, and on hearing the submissions of counsel for RBC, no one appearing for any other person on the service list, although served as appears from the affidavit of service of Diana McMillen sworn July 3rd, 2018, filed,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to subsection 47(1) of the BIA and section 101 of the CJA, Spergel is hereby appointed Interim 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") until the earlier of:

- (a) the taking of possession by a receiver, within the meaning of subsection 243(2) of the BIA, of the Property;
- (b) the taking of possession by a trustee in bankruptcy of the Property; and
- (c) August 3, 2018.

INTERIM RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Interim 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 Interim Receiver is hereby expressly empowered and authorized to do any of the following where the Interim Receiver considers it necessary or desirable:

- (a) to monitor the Debtor's receipts and disbursements, including, without limitation, the right to access all information relating to the Debtor's accounts or finance activities at any financial institution;
- (b) to 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 investigate and prepare a financial report as to the operations of the Debtor which will include the assets, liabilities and disposition of all Property for the twelve (12) month period preceding the date of this Order;
- (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 Interim Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to summarily dispose of the Property that is perishable or likely to depreciate rapidly in value;
- (f) to conduct examinations, if deemed necessary, including, without limitation, an examination of Hussein Totonchian and Tana Totonchian;
- (g) to report to, meet with and discuss with such affected Persons (as defined below) as the Interim Receiver deems appropriate on all matters relating to the Property and the interim receivership, and to share information, subject to such terms as to confidentiality as the Interim Receiver deems advisable; and
- (h) 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 Interim 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 INTERIM 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 Interim 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 Interim Receiver, and shall deliver all such Property to the Interim Receiver upon the Interim Receiver’s request. For greater certainty, the Debtor and/or Hussein Totonchian personally shall immediately provide to the Interim Receiver the information requested by RBC’s counsel by way of its email dated June 25, 2018, addressed to the Debtor’s counsel.

5. **THIS COURT ORDERS** that, upon receiving a request by the Interim Receiver, the Ministry of Transportation, Service Ontario, and/or any other government department, ministry or agency responsible for vehicle registration in any other Province or Territory of Canada, are hereby directed to provide the Interim Receiver with details relating to any transfer of ownership of any of the Property, including, without limitation, the identities of the parties to the transfer, the consideration paid and any other details reasonably incidental thereto.

6. **THIS COURT ORDERS** that all Persons shall forthwith advise the Interim 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 Interim Receiver or permit the Interim Receiver to make, retain and take away copies thereof and grant to the Interim 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 Interim Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

7. **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 Interim Receiver for the purpose of allowing the Interim 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 Interim Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Interim Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Interim Receiver with all such assistance in gaining immediate access to the information in the Records as the Interim Receiver may in its discretion require including providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE INTERIM 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 Interim Receiver except with the written consent of the Interim 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 Interim 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 Interim Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Interim 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 Debtor to carry on any business which the Debtor is not lawfully entitled to carry on; (ii) exempt 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 INTERIM 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 Interim 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 are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services, 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 Debtor 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 Debtor, or as may be ordered by this Court.

INTERIM RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Interim 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 Interim 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 Interim 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. The Interim Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Interim Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) and 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* and any other applicable provincial privacy legislation, the Interim 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 Interim 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 Interim 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 Interim 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 Interim Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Interim Receiver shall not, as a result of this Order or anything done in pursuance of the Interim 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 INTERIM RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Interim Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under subsections 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 Interim Receiver by section 14.06 of the BIA or by any other applicable legislation.

INTERIM RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Interim Receiver and counsel to the Interim Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and that the Interim Receiver and counsel to the Interim Receiver shall be entitled to and are hereby granted a charge (the "**Interim 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 Interim 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 subsections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Interim Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Interim 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 Interim 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 normal rates and charges of the Interim Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

SERVICE AND NOTICE

21. **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/eservice-commercial/>) 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: <http://www.spergel.ca/luxurycars/>.

22. **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

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

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

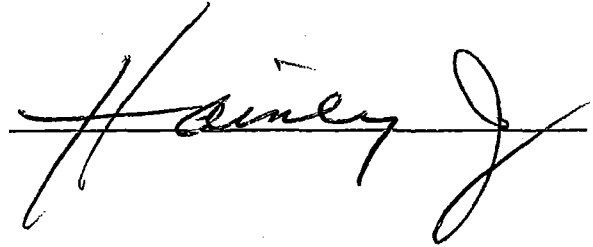
25. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Interim Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Interim Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Interim Receiver and its agents in carrying out the terms of this Order.

26. **THIS COURT ORDERS** that the Interim 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 Interim 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.

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

28. **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 Interim 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.

A handwritten signature in black ink, appearing to read "Hainey J.", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 04 2018

PER / PAR: *RW*

ROYAL BANK OF CANADA

Applicant

- and -

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS
CARS

Respondent

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

INTERIM RECEIVERSHIP ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Ian Aversa (LSUC # 55449N)
Tel: (416) 865-3082
Fax: (416) 863-1515
E-mail: iaversa@airdberlis.com

Miranda Spence (LSUC # 60621M)
Tel: (416) 865-3414
Fax: (416) 863-1515
E-mail: mspence@airdberlis.com

Lawyers for Royal Bank of Canada

Tab B

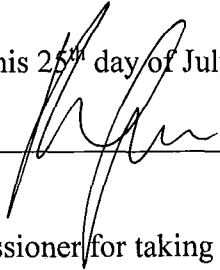
Attached is **Exhibit "B"**

referred to in the

Affidavit of KEVIN LEUNG

sworn before me

this 25th day of July, 2018



Commissioner for taking Affidavits, etc

Request ID: 021920790
Transaction ID: 68789014
Category ID: UNE

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/24
Time Report Produced: 08:08:55
Page: 1

373

CORPORATION POINT IN TIME REPORT As of: 2018/05/11

Ontario Corp Number	Corporation Name	Incorporation Date
2236715	2236715 ONTARIO LIMITED	2010/03/10
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
4160 STEELES AVE WEST	NOT APPLICABLE	NOT APPLICABLE
	New Amal. Number	Notice Date
WOODBIDGE	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		Letter Date
CANADA L4L 3S8		NOT APPLICABLE
Mailing Address		
NOT AVAILABLE	Revival Date	Continuation Date
	NOT APPLICABLE	NOT APPLICABLE
	Transferred Out Date	Cancel/Inactive Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors Minimum Maximum	Date Commenced in Ontario
	00001 00001	NOT APPLICABLE
Activity Classification		Date Ceased in Ontario
NOT AVAILABLE		NOT APPLICABLE

Request ID: 021920790
Transaction ID: 68789014
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/24
Time Report Produced: 08:08:55
Page: 2

374

CORPORATION POINT IN TIME REPORT As of: 2018/05/11

Ontario Corp Number

Corporation Name

2236715

2236715 ONTARIO LIMITED

Corporate Name History

Effective Date

2236715 ONTARIO LIMITED

2010/03/10

Current Business Name(s) Exist:

YES

Expired Business Name(s) Exist:

YES - SEARCH REQUIRED FOR DETAILS

Active Administrator:
Name (Individual / Corporation)

Address

HOSSEIN
TOTONCHIAN

63 NORBURY DRIVE

MARKHAM
ONTARIO
CANADA L3S 3V2

Date Began

First Director

2013/01/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 021920790
Transaction ID: 68789014
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/24
Time Report Produced: 08:08:55
Page: 3

375

CORPORATION POINT IN TIME REPORT As of: 2018/05/11

Ontario Corp Number

Corporation Name

2236715

2236715 ONTARIO LIMITED

Active Administrator:
Name (Individual / Corporation)

Address

HOSSEIN
TOTONCHIAN

63 NORBURY DRIVE

MARKHAM
ONTARIO
CANADA L3S 3V2

Date Began

First Director

2013/01/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Y

Active Administrator:
Name (Individual / Corporation)

Address

HOSSEIN
TOTONCHIAN

63 NORBURY DRIVE

MARKHAM
ONTARIO
CANADA L3S 3V2

Date Began

First Director

2013/01/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

Request ID: 021920790
Transaction ID: 68789014
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/24
Time Report Produced: 08:08:55
Page: 4

376

CORPORATION POINT IN TIME REPORT As of: 2018/05/11

Ontario Corp Number

2236715

Corporation Name

2236715 ONTARIO LIMITED

**Active Administrator:
Name (Individual / Corporation)**

HOSSEIN
TOTONCHIAN

Address

63 NORBURY DRIVE

MARKHAM
ONTARIO
CANADA L3S 3V2

Date Began

2013/01/16

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Y

Request ID: 021920790
Transaction ID: 68789014
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/24
Time Report Produced: 08:08:55
Page: 5

377

CORPORATION POINT IN TIME REPORT As of: 2018/05/11

Ontario Corp Number

Corporation Name

2236715

2236715 ONTARIO LIMITED

Last Document Recorded

Act/Code Description

Form

Date

CIA ANNUAL RETURN 2017

1S

2018/01/24 (ELECTRONIC FILING)

THIS REPORT SETS OUT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992 AND RECORDED ON THE ONTARIO BUSINESS INFORMATION SYSTEM UP TO THE "AS OF DATE" INDICATED ON THE REPORT. ALL CURRENT DIRECTORS AND OFFICERS ARE INCLUDED AS ACTIVE ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON THE MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2236715	2236715 ONTARIO LIMITED	2010/03/10
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
4160 STEELES AVE WEST		NOT APPLICABLE
		Amalgamation Ind.
		NOT APPLICABLE
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
Mailing Address		NOT APPLICABLE
NOT AVAILABLE		Revival Date
		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum	In Ontario
	Maximum	
	00001	00001
Activity Classification		Date Ceased
NOT AVAILABLE		In Ontario
		NOT APPLICABLE

Request ID: 021920789
Transaction ID: 68789013
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/24
Time Report Produced: 08:08:53
Page: 2

379

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2236715

2236715 ONTARIO LIMITED

Corporate Name History

Effective Date

2236715 ONTARIO LIMITED

2010/03/10

Current Business Name(s) Exist:

YES

Expired Business Name(s) Exist:

YES - SEARCH REQUIRED FOR DETAILS

Administrator:
Name (Individual / Corporation)

Address

HOSSEIN
TOTONCHIAN

63 NORBURY DRIVE

MARKHAM
ONTARIO
CANADA L3S 3V2

Date Began

First Director

2013/01/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

DIRECTOR

Y

Request ID: 021920789
Transaction ID: 68789013
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/24
Time Report Produced: 08:08:53
Page: 3

380

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2236715

2236715 ONTARIO LIMITED

Administrator:
Name (Individual / Corporation)

Address

HOSSEIN
TOTONCHIAN

63 NORBURY DRIVE

MARKHAM
ONTARIO
CANADA L3S 3V2

Date Began

First Director

2013/01/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Y

Administrator:
Name (Individual / Corporation)

Address

HOSSEIN
TOTONCHIAN

63 NORBURY DRIVE

MARKHAM
ONTARIO
CANADA L3S 3V2

Date Began

First Director

2013/01/16

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

SECRETARY

Y

Request ID: 021920789
Transaction ID: 68789013
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/24
Time Report Produced: 08:08:53
Page: 4

381

CORPORATION PROFILE REPORT

Ontario Corp Number

2236715

Corporation Name

2236715 ONTARIO LIMITED

**Administrator:
Name (Individual / Corporation)**

HOSSEIN
TOTONCHIAN

Address

63 NORBURY DRIVE

MARKHAM
ONTARIO
CANADA L3S 3V2

Date Began

2013/01/16

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Y

Request ID: 021920789
Transaction ID: 68789013
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/07/24
Time Report Produced: 08:08:53
Page: 5

382

CORPORATION PROFILE REPORT

Ontario Corp Number

2236715

Corporation Name

2236715 ONTARIO LIMITED

Last Document Recorded

Act/Code Description

Form

Date

CIA ANNUAL RETURN 2017

1S

2018/01/24 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB 7

Court File No. CV-18-00600821-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ROYAL BANK OF CANADA

Applicant

- and -

**2236715 ONTARIO LIMITED
o/a LUXURY AND SPORTS CARS**

Respondent

**APPLICATION UNDER SUBSECTION 47(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

CONSENT

The undersigned, msi Spergel inc. ("Spergel"), hereby consents to the appointment of Spergel as receiver, without security, of all of the assets, undertakings and properties of 2236715 Ontario Limited o/a Luxury and Sports Cars (the "Debtor") pursuant to the provisions of subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and the terms of an order substantially in the form filed in the above proceeding.

DATED at Toronto, this 24TH day of July, 2018.

MSI SPERGEL INC.

Per:


Name: PHILIP H. GENNSTitle: SENIOR PRINCIPAL

ROYAL BANK OF CANADA

Applicant

- and -

2236715 ONTARIO LIMITED o/a LUXURY AND SPORTS
CARS

Respondent

Court File No. CV-18-00600821-00CL

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