

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

**163556 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER**

Respondents

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY
ACT, R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

**MOTION RECORD OF COURT-APPOINTED RECEIVER,
BDO CANADA LIMITED**
(Returnable April 27, 2022 at 12:00noon via “ZOOM” videoconference)

April 18, 2022

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Original Court-Appointed Receiver of Versitec

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**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

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Applicant

-and-

**163556 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
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TAB 1

Court File No. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE
 HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY
 BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 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

NOTICE OF MOTION

BDO CANADA LIMITED, in its capacity as court-appointed receiver (the “**Receiver**”) of the lands and premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the “**Taylor Property**”) owned by David Taylor (“**Taylor**”) will make a motion (the “**Motion**”) to a judge presiding over the Commercial List on April 27, 2021, at 12:00 pm or as soon after that time as the Motion can be heard, which motion shall be heard virtually by “Zoom” videoconference and may be attended online by accessing the direct videoconference link at

<https://us02web.zoom.us/j/86561882344?pwd=NVVPRkovSzFyOUJiY3BWbWhjYVFEQT09>.

A direct link will be circulated by email to those members of the Service List with email.

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

THE MOTION IS FOR:

1. an Approval and Vesting Order, substantially in the form attached hereto as Schedule “A”, *inter alia*:
 - a) approving the agreement of purchase and sale dated March 31, 2022 and accepted April 5, 2022 (the “**Purchase Agreement**”) made between the Receiver, as vendor, and James Christopher Smith (the “**Purchaser**”), as purchaser, and authorizing the Receiver to complete the transaction contemplated thereby (the “**Transaction**”); and
 - b) vesting in the Purchaser, on closing of the Transaction, all of the Debtors’ rights, title and interests in and to the Taylor Property and those other assets which are the subject of the Transaction;
2. Discharge Order, substantially in the form attached hereto as Schedule “B”, *inter alia*:
 - a) approving the fifth report of the Receiver dated April 18, 2022 (the “**Report**”) and the Confidential Appendices to the Report (the “**Confidential Appendices**”), as well as the activities of the Receiver detailed therein;
 - b) sealing the Confidential Appendices thereto, pending completion of the Transaction or further Order of the Court;
 - c) approving the fees and disbursements of the Receiver and its legal counsel, Loopstra Nixon LLP (“**Loopstra Nixon**”) as described in the Report, plus an estimate for fees and disbursements through to the Receiver’s discharge (the “**Fee Accrual**”, as defined in the Report); and
 - d) authorizing the proposed distribution of the proceeds from the Transaction and the receivership, net of the payment of approved fees, to the applicant and secured creditors, Ra-Tech Services CAD Inc. (“**Ra-Tech**”), Liquid Capital Exchange Corp (“**LCX**”) and the Canada Revenue Agency (“**CRA**”), subject to the mechanics of the “Holdback” in respect of the distribution to Ra-Tech (as discussed below); and
3. such further and other relief as counsel may advise and this Court may permit.

THE GROUNDS FOR THE MOTION ARE:

BACKGROUND

Receivership of Versitec

4. On March 9, 2020 by Order of the Honourable Justice Gilmore, Morgan & Partners Inc. (“MPI”) was appointed as receiver over the assets, undertakings and properties of 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (together “Versitec”).
5. BDO Canada Ltd. was substituted in as Receiver of Versitec, replacing MPI, on February 12, 2021 by Order of the Honourable Justice Koehnen and proceeded to sell the assets, undertakings and properties of Versitec under Court order, with proceeds distributed to LCX as senior secured creditor of Versitec.
6. On November 24, 2021, by Order of the Honourable Justice Penny the Receiver was discharged as receiver of Versitec, subject upon completion of the Receiver’s remaining duties and the filing of a Receiver’s Discharge Certificate respecting same.
7. The Receiver has not yet filed its Discharge Certificate in respect of the receivership of Versitec.

Receiver of the Taylor Property

8. LCX was not repaid in full out of the proceeds of the sale of the Versitec assets and proceeded to seek recover of the deficiency against Taylor under his personal guarantee.
9. Accordingly, also on November 24, 2021, LCX applied for and the Honourable Justice Penny granted judgment against, *inter alia*, Taylor in the amount of \$776,616.03.
10. In order to realize on the Taylor Property, LCX brought an application seeking the appointment of BDO as receiver – under a second and distinct mandate – over the Taylor Property.

11. On January 24, 2022, the Court issued an Order appointing BDO as Receiver over the Taylor Property (the “**Property Receivership Order**”).

The Taylor Property

12. The Taylor Property is a residential property located at 518 King Street, Port Colborne, Ontario, owned by Taylor.

13. As of April 2022, the charges registered on title to the Taylor Property were as follows:

- a) a first charge in favour of Golden Horseshoe Investments Inc. registered as Instrument Number SN453043 on November 24, 2015, in the amount of \$235,000, subsequently assigned to Ra-Tech;
- b) a second charge in favour of Stevan Orvitz registered as Instrument Number SN572732 on November 2, 2018, in the amount of \$125,000, subsequently assigned to Ra-Tech;
- c) a third charge in favour of LCX, being the Collateral Mortgage, registered as Instrument Number SN587591 on May 3, 2019, in the amount of \$300,000; and
- d) a lien in favour of Her Majesty the Queen in right of Canada as represented by the Minister of Finance in the amount of \$65,392.

14. At the time of the commencement of the Application, both the first and second mortgagees had commenced Power of Sale proceedings respecting the Taylor Property;

Possession of the Taylor Property

15. As at the date of the Property Receivership Order, Taylor was no longer residing in the Taylor Property but, instead, the property was occupied by Mr. Smith. The details of how Mr. Smith came to occupy the home were not overly clear to the Receiver.

16. Following its appointment, the Receiver attended the Taylor Property and met with Mr. Smith and took possession of the property. Mr. Smith was living in the home. He was cooperative and provided the Receiver with keys to the home.

17. Mr. Smith advised he had agreed to buy the property from Mr. Taylor. He further advised he had paid certain rents to Ra-Tech, who was the enforcing mortgagee under certain power of sale proceedings stayed by the receivership. It was unclear on what legal basis Mr. Taylor was occupying the property. Mr. Smith advised he still wished to purchase the property.
18. The Receiver advised Mr. Smith that (a) he was not a legal tenant and would have to vacate shortly; and, that (b) if he wanted to make an offer to purchase the property, the Receiver would be likely be marketing the property for sale but would consider an offer from him, should he wish to submit one.
19. The Receiver proceeded to get assessments of value in preparation for a sale.

APPROVAL OF THE PURCHASE AGREEMENT

20. Upon further inquires, it was determined:
 - a) Mr. Smith made an offer to purchase the Taylor Property in June 2021 that was signed by Mr. Taylor, with a closing date of September 16, 2021, but had not closed; and
 - b) Ra-Tech purported to have entered into an agreement of purchase and sale with Lockview Ventures Inc. in December 2021 under its power of sale proceedings to sell the Taylor Property, with a closing date of January 28, 2022, which was stayed by the receivership. The Receiver attempted to contact Lockview Ventures Inc. to discuss this transaction but got no response.
21. Neither offer closed or could be closed and both offers were, in the Receiver's view, below market.
22. At the Receiver's initial meeting with Mr. Smith, Mr. Smith indicated that he was willing to make an unconditional offer for the Taylor Property and verbally committed to an offer that was materially superior to any other offer.
23. The Receiver encouraged Mr. Smith to make his offer and advised it would have to be compared to two independent opinions of value that the Receiver obtained from two

realtors in the Niagara region, each familiar with the Port Colborne residential real estate market.

24. On April 1, 2022, Mr. Smith provided an unconditional offer (the “**Improved Smith Offer**”) to purchase the Taylor Property to the Receiver in the form of the Purchase Agreement

25. The Transaction contemplated by the Purchaser Agreement provides:

- a) a high, fair market purchase price;
- b) the payment of a substantial non-refundable deposit (10% of the offered purchase price) to the Receiver upon acceptance, which has been paid;
- c) a commission-free sale, saving up to 5% of the purchase price + H.S.T.;
- d) avoidance of a sale process which would incur additional professional fees to the estate with no certainty of achieving a better outcome; and
- e) a quick closing upon Court approval of the sale.

26. The purchase price in the Purchase Agreement should provide:

- a) payment of the Ra-Tech mortgages in full (subject to a determination and validation of the indebtedness thereunder);
- b) payment of the LCX collateral mortgage in full; and, possibly,
- c) a partial payment to Canada Revenue Agency in respect of a lien registered against the Taylor Property for unpaid personal income tax of David Taylor.

27. Accordingly, the Receiver is recommending approval of the Transaction and vesting of the Taylor Property in Mr. Smith, in accordance with the Improved Smith Offer.

SEALING OF CONFIDENTIAL APPENDICES

28. The Confidential Appendices contain sensitive commercial information which, if disclosed prior to the completion of the Transaction, could impair the Receiver’s ability to realize on

the Taylor Property for the benefit of the creditors; and, as such, the Receiver submits that such information should be sealed pending closing of the Transaction.

APPROVAL OF REPORT AND ACTIVITIES

29. The Receiver has undertaken those activities which are further detailed in the Report, in accordance with the terms of the Property Receivership Order.
30. The Report fairly and accurately reflects the circumstances of the receivership, the activities performed by the Receiver since appointment, and the negotiation, terms and execution of the Purchase Agreement.

APPROVAL OF FEES AND DISBURSEMENTS

31. The Receiver's fees and Fee Accrual, including the fees of its legal counsel, as set out in the Report, are fair and reasonable.

DISTRIBUTION

32. The following creditors have registered charges against in the Taylor Property:
 - a) Ra-Tech (as assignee of the first- and second-registered mortgages);
 - b) LCX (as hold of third mortgage); and
 - c) CRA (pursuant to a subordinate, registered lien).
33. The Receiver also secured their interest in the Taylor Property pursuant to the Receiver's Charge as defined in the Property Receivership Order and is subordinate only to the interest of Ra-Tech.

Ra-Tech

34. Ra-Tech acquired the first and second mortgages and took an assignment of the applicable security interest in the Taylor Property on April 16, 2021.

35. BDO has received a security opinion with respect to the first and second mortgages from Loopstra, its independent legal counsel. Loopstra has opined that, subject to the usual qualifications, Ra-Tech's mortgage security is valid and enforceable
36. The Receiver has, multiple times, asked the principal of Ra-Tech, Mr. Andy Ferri, for payout statements in respect charges they registered on the Taylor Property, but has not received any such information. Instead, Mr. Ferri seems to want to hold up the process. This would be prejudicial to the other stakeholders.
37. Accordingly, as set out in detail in its Report, the Receiver has calculated the amounts believed to be outstanding under the first and second mortgages which total, in aggregate, \$432,715.14 (to an April 29, 2022 closing date).
38. The Receiver proposes to proceed with the other distributions below but to holdback \$432,715.14 (the "**Holdback**") for distribution to Ra-Tech upon Ra-Tech substantiating the amount due and owing under the first and second mortgages to the satisfaction of the Receiver, provided that:
- a) the Holdback shall be subject to a first-ranking Receiver's Charge to account for any costs incurred by the Receiver in dealing with the validation of Ra-Tech's claim and distribution in respect of the same;
 - b) the distribution to Ra-Tech shall be limited to the Holdback, less any costs incurred by the Receiver and approved by this Honourable Court; and
 - c) Ra-Tech shall have no recourse or claim against any distribution to LCX and CRA authorized by this Honourable Court.

LCX

39. LCX was given a collateral mortgage in the principal amount of \$300,000 against the Taylor Property as security for David Taylor's unlimited personal guarantee that he gave to LCX in order for LCX to advance funds to Versitec in a factoring arrangement. LCX is also entitled to claim costs of enforcement.

40. BDO has received a security opinion with respect to the collateral mortgage granted by David Taylor in favour of LCX from Loopstra, its independent legal counsel. Loopstra has opined that, subject to the usual qualifications, LCX's mortgage security is valid and enforceable.
41. David Taylor remains indebted to LCX in the amount of \$776,616.03, plus ongoing interest, pursuant to the judgement against him dated November 24, 2021, plus costs of enforcement under the subject mortgage.

Canada Revenue Agency

42. The CRA registration against the Taylor Property is for unpaid personal income tax of David Taylor in the stated amount of \$65,392.
43. Based on the foregoing, and as detailed in the Report, the Receiver seeks the authority to distribute the balance of proceeds in the receivership estate to CRA, if any, after (a) closing of the Transaction, (b) remitting payment of the Receiver's approved fees and disbursements (including legal costs), (b) reserving the Holdback for payment to Ra-Tech, and (b) making the distribution to LCX on account of its secured claim.

DISCHARGE

44. Upon completion of the Transaction, payment of approved professional fees and effecting the proposed distributions, the Receiver will have realized on all assets and distributed all monies pursuant to its mandate under the Property Receivership Order.
45. The Receiver recommends and requests that the Court grant the Receiver its discharge, subject only to completing those tasks set out herein and in the Report.

OTHER GROUNDS

46. The other grounds set out in the Report.
47. The Consolidated Practice Direction Concerning the Commercial List and the inherent equitable jurisdiction of the Court.

48. Rules 1.04, 2.03, 3.02, 16.08 and 37 of the Rules of Civil Procedure, R.R.O. 1990, Reg. 194.
49. Section 100 of the Courts of Justice Act, R.S.O. 1990, c. C-43.
50. Sections 243, 249 and 250 of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3.
51. The Bankruptcy and Insolvency General Rules, C.R.C., c. 368.
52. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

53. the Report and the appendices thereto;
54. the Confidential Appendices; and
55. such further and other documentary evidence as counsel may advise and this Court permits.

DATE: April 18, 2022

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BDO Canada Limited*

TAB 1A

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	WEDNESDAY, THE 27 th
)	
JUSTICE CAVANAGH	)	DAY OF APRIL, 2022

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE
HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD
and DAVID CARPENTER

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APPLICATION UNDER SECTION 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

APPROVAL AND VESTING ORDER

THIS MOTION, made by BDO Canada Limited., in its capacity as the Court-appointed receiver (the “Receiver”) of the lands and premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the “Real Property”) owned by David Taylor (the “Debtor”) for an order approving the sale transaction (the “Transaction”) contemplated by a purchase and sale agreement (the “Sale Agreement”) between the Receiver and James Christopher Smith (the “Purchaser”) dated March 31, 2022 and accepted April 5, 2022, and appended to the fifth Report of the Receiver dated April 18, 2022 (the “Report”) and the confidential appendices thereto (the “Confidential Appendices”), and vesting in the Purchaser the

Debtors' rights, title and interests in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario by "Zoom" videoconference.

ON READING the Report and the Confidential Appendices to the Report and on hearing the submissions of counsel for the Receiver, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Amanda Adamo sworn April __, 2022, filed:

1. THIS COURT ORDERS that the time for service and filing of the Report, the Confidential Appendices and the motion record in respect of this motion is hereby abridged and validated so that this motion is properly returnable today and dispenses with further service thereof.

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets, including but not limited to the Real Property, to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Exhibit "A" hereto (the "Receiver's Certificate"), all of the Debtors' rights, title and interests in and to the Purchased Assets, including but not limited to the Real Property, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims"), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Cavanagh dated January 24, 2022 as amended and restated ; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Exhibit "C" hereto (all of which are collectively referred

to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Exhibit "D" hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Asset are hereby expunged and discharged as against the Purchased Asset.

4. THIS COURT ORDERS that upon the registration in the Land Registry Office for the appropriate Land Titles Division of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject Real Property identified in Exhibit "B" hereto in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Exhibit "C" hereto.

5. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Asset shall stand in the place and stead of the Purchased Asset, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Asset with the same priority as they had with respect to the Purchased Asset immediately prior to the sale, as if the Purchased Asset had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

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

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of either of the Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of either of the Debtors.

the vesting of the Purchased Asset in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of either of the Debtors and shall not be

void or voidable by creditors of the Debtors, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT 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.

9. THIS COURT ORDERS that the Confidential Appendices is hereby sealed pending completion of the Transaction or further order of this Court

10. THIS COURT ORDERS that this order is effective from today's date and is enforceable without the need for entry and filing.

Exhibit A – Form of Receiver’s Certificate

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

**1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC
MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR,
REUBEN KARY BYRD and DAVID CARPENTER**

Respondent

RECEIVER’S CERTIFICATE**RECITALS**

A. Pursuant to an Order of the Honourable Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated January 24, 2022, BDO Canada Limited was appointed as the receiver (the “Receiver”) of the lands and premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the “Real Property”) owned by David Taylor.

B. Pursuant to an Order of the Court dated April 27, 2022, the Court approved the purchase and sale agreement dated March 31, 2022 and accepted April 5, 2022 (the “Sale Agreement”) between the Receiver and James Christopher Smith (the “Purchaser”) and provided for the vesting in the Purchaser of the Debtors’ rights, title and interests in and to the Purchased Asset, which vesting is to be effective with respect to the Purchased Asset upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Asset; (ii) that the conditions to Closing set out in the Sale Agreement have been

satisfied or waived by the Receiver and the Purchaser; and (iii) the transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Asset payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Receiver.

THIS CERTIFICATE was delivered by the Receiver at <*> on <*>, 2022.

BDO CANADA LIMITED, solely in its capacity as Court-appointed Receiver of the lands and premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 owned by David Taylor. and not in any personal, corporate or other capacity

Per: _____

Name:

Title:

Exhibit B – Real Property

Municipal Address: 518 King St., Port Colborne, Ontario

Legal Description: PIN 64147-0114 (LT)

PT BLK F PL 775 W/S VICTORIA ST & PT LT 1 PL 777, PTS 1
& 2 59R5190 EXCEPT PT 1, 59R11601 & PT 1, 59R14873; T/W
RO525634; CITY OF PORT COLBORNE

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

Reg. No.	Date	Instrument Type	Amount	Parties From	Parties To
SN453042	Nov 24, 2015	Transfer	\$292,490	Stewart James Melanson	David Taylor
SN453043	Nov 24, 2015	Charge	\$235,000	David Taylor	Golden Horseshoe Investment Inc.
SN572732	Nov 21, 2018	Charge	\$125,000	David Taylor	Stevan Orvitz
SN587591	May 3, 2019	Charge	\$300,000	David Taylor	Liquid Capital Exchange Corp
SN593701	July 2, 2019	Lien	\$65,392	Her Majesty The Queen In Right Of Canada As Represented By The Minister Of National Revenue	
SN661075	Feb 10, 2021	Transfer Of Charge		Golden Horseshoe Investment Inc.	Stevan Orvitz
SN669720	Apr 16, 2021	Transfer Of Charge		Stevan Orvitz	Ra-Tech CAD Services Inc.
SN710500	Jan 26, 2022	APL Court Order		Ontario Superior Court of Justice	BDO Canada Limited

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

(unaffected by the Vesting Order)

SPECIFIC PERMITTED ENCUMBRANCES / REGISTRATIONS

Nil.

Reg. No.	Date	Instrument Type	Amount	Parties From	Parties To
RO436081	Sept 21, 1985	Bylaw			
59R5190	Feb 13, 1987	Plan Reference			

GENERAL PERMITTED ENCUMBRANCES

1. Any municipal by-laws or regulations affecting the Real Property or its use and any other municipal land use instruments including without limitation, official plans and zoning and building by-laws, as well as decisions of the committee of adjustment or any other competent authority permitting variances therefrom, and all applicable building codes;
2. Registered agreements with any municipal, provincial or federal governments or authorities and any public utilities or private suppliers of services, including without limitation, subdivision agreements, development agreements, engineering, grading or landscaping agreements and similar agreements; provided same have been complied with or security has been posted to ensure compliance and completion as evidenced by a letter from the relevant authority or regulated utility;
3. Any unregistered easement, right-of-way, agreements or other unregistered interest of claims not disclosed by registered title provided same does not materially impact the Purchaser's intended use of the Purchased Assets;
4. Any encroachments or other discrepancies that might be revealed by an up-to-date plan of survey of the Real Property;
5. Such other minor encumbrances or defects in title which do not, individually or in the aggregate, materially affect the use, enjoyment or value of the Real Property or any part thereof, or materially impair the value thereof;
6. Any reservations, limitations, provisos and conditions expressed in the original grant from the Crown as the same may be varied by statute; and
7. The following exceptions and qualifications contained in Section 44(1) of the *Land Titles Act*: paragraphs 7, 8, 9, 10, 12 and 14.

Court File No. CV-20-00637427-00CL

LIQUID CAPITAL EXCHANGE CORP. -and-**1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER***Applicant**Respondents*

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceedings commenced at TORONTO

APPROVAL AND VESTING ORDER

LOOPSTRA NIXON LLP
135 Queens Plate Drive – Suite 600
Toronto, ON M9W 6V7

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(gphoenix@loonix.com)
Sarah White
(swhite@loonix.com)

t: (416) 748-4710
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*Lawyers for the Receiver, BDO Canada
Limited*

TAB 1B

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	WEDNESDAY, THE 27 th
)	
JUSTICE CAVANAGH	)	DAY OF APRIL, 2022

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE
HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD
and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 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

DISCHARGE ORDER

THIS MOTION, made by BDO Canada Limited., in its capacity as the Court-appointed receiver (the “Receiver”) of the lands and premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the “Real Property”) owned by David Taylor (the “Debtor”) for an order, *inter alia*:

1. approving the activities of the Receiver as set out in the fifth report of the Receiver dated April 18, 2022 (the “Report”) and the confidential appendices thereto (the “Confidential Appendices”);

2. approving the fees and disbursements of the Receiver and its counsel;
3. approving the distribution of the net proceeds available in the estate of the Debtor, subject to the provisions of this Order, to Ra-Tech Services CAD Inc. (“Ra-Tech”), on account of proven indebtedness under the first and second mortgage, Liquid Capital Exchange Corp (“LCX”), on account of proven indebtedness under the third mortgage; and, to the extent funds are available, to Canada Revenue Agency (“CRA”) on account of obligations secured under the lien registered on title to the Real property;
4. discharging BDO Canada Limited as Receiver of the undertaking, property and assets of the Debtors in respect of the Real Property; and
5. releasing BDO Canada Limited. from any and all liability, as set out in paragraph 8 of this Order,

was heard this day at 330 University Avenue, Toronto, Ontario, via Zoom teleconference.

ON READING the Report, the Confidential Appendices, the affidavits of the Receiver and its counsel as to fees appended to the Report (the "Fee Affidavits"), and on hearing the submissions of counsel for the Receiver, no one else appearing although served as evidenced by the Affidavit of Amanda Adamo sworn ____, 2022, filed;

1. THIS COURT ORDERS that the time for service of the Report, the Confidential Appendices and the motion record in respect of this motion is hereby abridged and validated so that the motion is properly returnable today, and that further service thereof is hereby dispensed with.
2. THIS COURT ORDERS that the activities of the Receiver as set out in the Report and the Confidential Appendices, are hereby approved.
3. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, including the Fee Accrual, each as defined in the Report and as set out in the Report and the Fee Affidavits (collectively the “Approved Administrative Fees”), are hereby approved.

4. THIS COURT ORDERS that the Receiver be and is hereby authorized and directed to holdback the amount of \$432,715.14 (the "Holdback"), on account of amounts potentially claimable by Ra-Tech under the first and second mortgage registered on title to the property.

5. THIS COURT ORDERS that, after payment of the amounts set out in paragraph 3 hereof for approved fees and disbursements and reserving the Holdback amount, the Receiver shall pay all remaining funds in its hands, to the extent possible, as follows:

- (a) first, to LCX, in an amount up to the total indebtedness of the Debtor due and payable under the third mortgage registered on title to the Real Property and proven to the satisfaction of the Receiver; and
- (b) second, to the extent there are available funds in the receivership estate, to CRA in an amount up to the total indebtedness of the Debtor secured by the lien in favour of the CRA registered on title to the Real Property on July 2, 2019.

6. THIS COURT ORDERS that the Receiver be and is hereby authorized to distribute an amount not to exceed the Holdback amount to Ra-Tech provided that Ra-Tech first provide evidence of the amount of indebtedness due and payable under the first and second mortgage, and further provided that:

- (a) the Receiver's Charge, established by the order appointing the Receiver, as amended, in the within proceedings be and is hereby extended to apply to the Holdback funds to the limited extent that the Receiver's fees and disbursements exceed the Approved Fees, subject to taxation by this Court; and
- (b) Ra-Tech shall not be entitled to any payment in excess of the Holdback amount, less any fees and disbursements approved by this Honourable Court under paragraph 6(a) hereof; and, Ra-Tech shall have no recourse to the Receiver or any

person in respect of any claim for or amount alleged owing in excess of the Holdback amount.

7. THIS COURT ORDERS that upon payment of the amounts set out in paragraphs 3, 5 and 6 hereof and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Report, the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor specifically with respect to the Real Property, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of BDO Canada Limited, in its capacity as Receiver.

8. THIS COURT ORDERS AND DECLARES that the Receiver is hereby released and discharged from any and all liabilities it had incurred pursuant to any and all Receiver Certificates issued for the funding of the Receivership.

9. THIS COURT ORDERS AND DECLARES that BDO Canada Limited is hereby released and discharged from any and all liability that BDO Canada Limited now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of BDO Canada Limited while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, BDO Canada Limited is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

10. THIS COURT ORDERS that this order is effective from today's date and is enforceable without the need for entry and filing.

Court File No. CV-20-00637427-00CL

LIQUID CAPITAL EXCHANGE CORP. -and-**1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER***Applicant**Respondents*

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceedings commenced at TORONTO

DISCHARGE ORDER

LOOPSTRA NIXON LLP

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*Lawyers for the Receiver, BDO Canada
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Court File No. CV-20-00637427-00CL

LIQUID CAPITAL EXCHANGE CORP. -and-**1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER***Applicant**Respondents*

**ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)**

Proceedings commenced at TORONTO

**NOTICE OF MOTION
(returnable April 27, 2022)**

LOOPSTRA NIXON LLP

135 Queens Plate Drive – Suite 600
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*Lawyers for the Receiver, BDO Canada
Limited*

TAB 2

Court File No. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS
INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO 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

FIFTH REPORT TO THE COURT
SUBMITTED BY BDO CANADA LIMITED
IN ITS CAPACITIES
AS SUBSTITUTE RECEIVER OF 1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE USA INC.
AND
AS RECEIVER OF 518 KING STREET, PORT COLBORNE, ONTARIO

APRIL 18, 2022

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Confidential Appendix 5	-	Summary of Values and Offer
Confidential Appendix 6	-	Improved Smith Offer March 31, 2022

1.0 INTRODUCTION AND PURPOSE OF REPORT

1.1 Introduction

- 1.1.1 By way of an order of the Honourable Justice Koehnen of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated February 12, 2021 (the "Appointment Order"), BDO Canada Limited was appointed as the substitute receiver (the "Receiver"), without security, of all the Property (as defined in the Appointment Order) of 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec Canada") and Versitec Marine USA Inc. ("Versitec USA", and collectively "Versitec"). Attached as Appendix "A" is copy of the Appointment Order.
- 1.1.2 Prior to the issuance of the Appointment Order, Versitec had been the subject of a Court-appointed receivership pursuant to the Order of the Honourable Justice Gilmore dated March 9, 2020 wherein Morgan & Partners Inc. had acted as receiver (the "Prior Receiver") until being substituted pursuant to the Appointment Order (the "Substitution").
- 1.1.3 These receivership proceedings were initiated by Versitec's senior secured creditor, Liquid Capital Exchange Corp. ("LCX").
- 1.1.4 The Receiver has issued four (4) reports in these proceedings prior to this report. The Receiver issued its fourth report dated November 18, 2021 (the "Fourth Report") in support of LCX's motion to, *inter alia*, approve the discharge of the Receiver in respect of the Versitec Property. A copy of the Fourth Report (without appendices) is attached hereto as Appendix "B" .
- 1.1.5 On November 24, 2021 the Court issued an Order (the "Discharge Order") approving the Fourth Report, the activities of the Receiver as described therein, the professional fees of the Receiver and its legal counsel and the discharge of the Receiver. The discharge of the Receiver would be effective upon the Receiver filing a certificate with the Court certifying that the Receiver had completed the other activities as described in the Fourth Report. A copy of the Discharge Order is attached hereto as Appendix "C" .
- 1.1.6 Also on November 24, 2021, LCX obtained judgement from the Court against David Taylor ("Taylor") in the amount of \$776,616.03 (the "Taylor Judgement"). This judgement is in respect of Taylor's unlimited personal guarantee given to LCX to cover any shortfalls in realizations experienced by LCX in respect of its claims against Versitec. To secure such guarantee, Taylor gave a mortgage in the amount of \$300,000 against his personal residence, 518 King Street, Port Colborne, Ontario (the "Taylor Property"), in favour of LCX. A copy of the Taylor Judgement is attached hereto as Appendix "D" .
- 1.1.7 In order to realize on the Taylor Property, LCX brought a motion returnable on January 24, 2022, seeking the appointment of BDO as receiver over the Taylor Property. On January 24, 2022, the Court issued an Order (the "Property Receivership Order") appointing BDO as Receiver over the Taylor Property. A copy of the Property Receivership Order (subsequently amended and restated) is attached hereto as Appendix "E" .

1.2 Purpose of this Report

1.2.1 This report is the Receiver's fifth report to the Court (the "Fifth Report") and is filed in respect of a motion for an order:

- Approving this Fifth Report and the actions of the Receiver described herein;
- Authorizing the Receiver to enter into an agreement of purchase and sale with James Smith (the "Purchaser") for the Taylor Property and to complete the transaction contemplated therein (the "Transaction");
- Vesting the Purchased Assets (as defined in the Sale Agreement) in the Purchaser upon completion of the Transaction (as evidenced by the Receiver filing a certificate certifying same);
- Authorizing the Receiver to distribute proceeds to the valid mortgage/lien holders of the Taylor Property in order of priority upon completion of the Transaction, subject to a holdback in respect of any payment to Ra-Tech CAD Services Inc. ("Ra-Tech")(as discussed below);
- Approving the professional fees of the Receiver and its legal counsel, Loopstra Nixon LLP ("Loopstra") as detailed in the affidavits of Peter K. Crawley and Sarah White, respectively;
- Approving the discharge of the Receiver from these proceedings specifically in respect of the Taylor Property, subject to completion of the Final Activities (as defined herein); and
- such other relief as this Honourable Court deems appropriate.

1.2.2 In preparing this Fifth Report, the Receiver has relied upon the Debtors' books and records, unaudited and draft financial information available, certain financial information obtained from third parties, and discussions with various individuals (collectively, the "Information"). The Receiver has not audited, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.

1.2.3 This Fifth Report has been prepared for the use of this Court in respect of the above-noted relief. This Fifth Report should not be relied upon for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Fifth Report contrary to the provisions of this paragraph.

1.2.4 All references to dollars are in Canadian currency unless otherwise noted.

1.2.5 In accordance with the Appointment Order, copies of unsealed materials and prescribed notices delivered and/or filed in the receivership proceedings are available on the Receiver's case website at www.extranets.bdo.ca/versitecmarine.

2.0 RECEIVER'S ACTIVITIES

2.1 Introduction

- 2.1.1 This Section is intended to provide the Court with a summary of the Receiver's activities since the issuance of the Property Receivership Order.

2.2 Possession of the Taylor Property

- 2.2.1 The Receiver was made aware that James Smith had become the occupant of the Taylor Property on or around December 1, 2021. The circumstances surrounding how Mr. Smith came to be in possession of the Taylor Property are unclear to the Receiver.
- 2.2.2 On December 17, 2021, a former employee of Versitec advised the Receiver that David Taylor had been evicted from the Taylor Property; that lenders had foreclosed on the property; and, that the property was sold.
- 2.2.3 On January 12, 2022, David Taylor advised the Receiver that the Taylor Property had been sold and that James Smith was living in the house with his children. Mr. Taylor further advised that the first mortgagee on the Taylor Property had sold the Taylor Property to an unknown buyer. Mr. Taylor advised that he believed the buyer to be Mr. Smith. Mr. Taylor also advised the Receiver that, to his surprise, Mr. Smith moved into his home when Mr. Taylor was recuperating from an ailment at the hospital.
- 2.2.4 Following the issuance of the Property Receivership Order by the Court, the Receiver attended at the Taylor Property in the afternoon of January 27, 2022 and met with Mr. Smith. Mr. Smith was living in the home and provided the Receiver with keys to the home. Mr. Smith was cooperative.
- 2.2.5 The Receiver also placed insurance on the Taylor Property as the prior policy had lapsed due to non-payment.

3.0 AGREEMENTS TO PURCHASE THE TAYLOR PROPERTY

3.1 Introduction

3.1.1 This section explains the Receiver's understanding of efforts to sell the Taylor Property prior to the appointment of the Receiver, and the Receiver's process to obtain a superior offer for the purchase and sale of the Taylor Property.

3.2 James Smith

3.2.1 On January 27, 2022 Mr. Smith advised the Receiver that he made an offer (the "First Smith Offer") to Mr. Taylor for the purchase of the Taylor Property in June of 2021 and he believed that he would be purchasing the Taylor Property. The Receiver was provided with a copy of the First Smith Offer, dated June 21, 2021, by Mr. Smith's counsel. It contemplated a closing date of September 16, 2021 and was signed by David Taylor as accepted. However, the signatures were not dated nor had the sale transaction contemplated therein closed. A copy of the First Smith Offer is attached hereto as Confidential Appendix "1".

3.3 Ra-Tech CAD Services Inc.

3.3.1 The Receiver was also made aware by Mr. Andy Ferri, representative of Ra-Tech which holds first and second position mortgages on the Taylor Property, that Ra-Tech had accepted an offer (the "Lockview Offer") to purchase the Taylor Property made by Lockview Ventures Inc. ("Lockview") further to power of sale proceedings that had been initiated prior to the issuance of the Property Receivership Order. This offer was dated December 15, 2021; ultimately accepted December 20, 2021; with a stated closing date of January 28, 2022. This sale did not close as a result of the issuance of the Property Receivership Order. A copy of the Lockview Offer is attached hereto as Confidential Appendix "2".

3.3.2 The consideration offered by Lockview and accepted by Ra-Tech was materially inferior to the First Smith Offer.

3.3.3 Immediately following its appointment, the Receiver tried to contact Lockview. Lockview did not respond to the Receiver's requests for information about its views on the status of the Lockview Offer.

3.4 Necessity for a Sale Process

3.4.1 When the Receiver met with Mr. Smith on January 27, 2022, Mr. Smith indicated that he was willing to make an unconditional offer for the Taylor Property that was far superior to market value of the Taylor Property. Mr. Smith advised that he could not readily find alternate accommodations and move his young family out of the Taylor Property. He felt that he had been duped into a precarious situation by David Taylor, being made to believe that he was buying the Taylor Property and having sold his prior residence.

- 3.4.2 Mr. Smith verbally offered a value that was materially higher than both the First Smith Offer and the Lockview Offer.
- 3.4.3 The Receiver advised Mr. Smith that it was obtaining opinions of value to ascertain what a fair market value was for the Taylor Property.
- 3.4.4 The Receiver also advised Mr. Smith that if his offered purchase price was high enough, his offer did not contain any conditions and he could prove his ability to close the sale and pay the purchase price, then the Receiver would consider the same and *may* be in a position to accept his offer without running a formal sales process, subject to Court approval.
- 3.5 Valuation of the Taylor Property
- 3.5.1 The Receiver obtained two independent opinions of value from two realtors in the Niagara region, each familiar with the Port Colborne market. Copies of the opinions are attached hereto as Confidential Appendices "3" & "4", respectively. A summary of the two appraisals is attached hereto as Confidential Appendix "5".
- 3.6 The Improved Smith Offer
- 3.6.1 On April 1, 2022, Mr. Smith provided his improved offer (the "Improved Smith Offer") to the Receiver. A copy of the Improved Smith Offer is attached hereto as Confidential Appendix "6".
- 3.6.2 The Receiver considers the Purchase Price (as defined in the Improved Smith Offer) to be at the high end of the range of values given by the two realtors. The realtors "high values" in those ranges were based on the assumption that the Taylor Property was in good condition. That is not the case. The Receiver has viewed and assessed the inside and outside of the property and concluded that it has not been well maintained. Renovations were commenced in the kitchen of the house but remain incomplete.
- 3.6.3 At Mr. Smith's invitation, the Receiver spoke with Gary Neumann of Niagara Regional Mortgages, a mortgage broker, on two occasions wherein Gary confirmed that Mr. Smith had been approved for the financing necessary to purchase the Taylor Property in accordance with the terms of the Improved Smith Offer, including funding the deposit. These funding arrangements were also confirmed verbally to the Receiver by Mr. Smith's legal counsel.
- 3.6.4 The Improved Smith Offer provides:
- a high fair market purchase price;
 - the payment of a substantial non-refundable deposit (10% of the offered purchase price) to the Receiver upon acceptance, which has been paid; and
 - a commission-free sale, saving up to 5% of the purchase price + H.S.T.;
 - avoidance of a sale process which would incur additional professional fees to the estate with no certainty of achieving a better outcome; and

- a quick closing upon Court approval of the sale.

3.6.5 The Receiver believes that the purchase price in the Improved Smith Offer will provide:

- payment of the Ra-Tech mortgages in full (subject to a determination and validation of the indebtedness thereunder); and
- payment of the LCX collateral mortgage in full (subject to a determination and validation of the indebtedness thereunder); and
- possibly, a partial payment to Canada Revenue Agency in respect of a lien registered against the Taylor Property for unpaid personal income tax of David Taylor.

3.6.6 Accordingly, the Receiver recommends that this Honourable Court authorize the Receiver to enter into and close the Transaction contemplated by the Improved Smith Offer.

3.6.7 The Receiver recommends that Confidential Appendices 1, 2, 3, 4, 5 and 6 contain sensitive business information and should be sealed by the Court pending completion of the Transaction or further order of the Court.

4.0 DISTRIBUTIONS

4.1 Introduction

4.1.1 The following lenders have registered a security interest in the Taylor Property:

- Ra-Tech (as assignee of the first- and second-registered mortgages);
- LCX (as holder of the third mortgage); and
- Canada Revenue Agency ("CRA") (pursuant to a subordinate, registered lien).

4.1.2 The Receiver also has a secured interest in the Taylor Property pursuant to the Receiver's Charge as defined in the Property Receivership Order and is subordinate only to the interest of Ra-Tech.

4.1.3 Attached as Appendix "F" is a copy of the Parcel Register dated January 18, 2022 for the Taylor Property.

4.2 Ra-Tech

4.2.1 The Receiver is advised that Ra-Tech acquired two mortgages and took an assignment of the applicable security interest in the Taylor Property on April 16, 2021.

4.2.2 Golden Horseshoe Investments Inc. ("GHII") held a first position mortgage on the Taylor Property in the original amount of \$235,000 (the "GH Mortgage").

4.2.3 Stevan Orvitz held a second position mortgage on the Taylor Property in the original amount of \$125,000 (the "Orvitz Mortgage").

4.2.4 Mr. Orvitz appears to have acquired the GH mortgage on February 10, 2021 prior to assigning both the GHII Mortgage and the Orvitz Mortgage to Ra-Tech on April 16, 2021.

4.2.5 BDO has received a security opinion with respect to the mortgages granted by David Taylor to GHII and Stevan Orvitz, both now assigned to Ra-Tech, from Loopstra, its independent legal counsel. Loopstra has opined that, subject to the usual qualifications, Ra-Tech's security is valid and enforceable. A copy of such security opinion is attached hereto as Appendix "G".

4.2.6 The Receiver has, on multiple occasions, asked Mr. Andy Ferri of Ra-Tech for payout statements in respect of the GH Mortgage and the Orvitz Mortgage - including on March 16, 2022, April 7, 2022 and April 12, 2022. At the time of writing this Report the Receiver has not received the payout statements. Rather, Mr. Ferri wrote to the Receiver on April 14th, by email, advising that he believed that approval of the sale of the Taylor Property should be deferred for various reasons. A copy of Mr. Ferri's email of April 14th is attached hereto as Appendix "H". The Receiver does not believe that Mr. Ferri has a reasonable explanation, as a mortgagee, to oppose the approval being sought herein. Moreover, Ra-Tech consented to the appointment

of the Receiver and stands to be paid out in full. Regardless, Mr. Ferri has not provided the requested payout figures at the time of submitting this report.

4.2.7 Accordingly, the Receiver has no direct information from Ra-Tech on the indebtedness owing to Ra-Tech as assignee of the first and second mortgages.

4.2.8 In order to determine the indebtedness outstanding under the first and second mortgage the Receiver undertook the following:

- The Receiver reviewed documents registered on title to the Property, which includes the assignment agreement in respect of the of the first and second mortgage from Mr. Orvitz to Ra-Tech, registered on April 16, 2021. That agreement provides that the balances were \$232,286.79 on February 10, 2021 and \$148,427.64 on January 7, 2021, respectively.
- The Receiver assumed these balances to be correct as of the dates indicated.
- The Receiver inquired of Mr. Taylor whether he issued any regular or special payments to Ra-Tech following the assignment. Mr. Taylor has not responded to the Receiver's request.
- Using the above available details, the Receiver calculated the amounts owing under the first and second mortgage, using the stated interest rates. Based on such calculations, the amounts that will be owing as of April 29, 2022, the anticipated closing date, will be:

	Indebtedness as of April 29, 2022	Per diem
First Mortgage	\$260,100.11	\$51.66
Second Mortgage	\$181,615.03	\$59.71
TOTAL:	\$ 441,715.14	\$111.37

The Receiver has been advised by Mr. Smith that rent of \$9,000 was paid by Mr. Smith to Mr. Ferri for the Taylor Property for the months of December 2021 and January and February 2022. It is the Receiver's position that this amount should be further offset against the outstanding mortgage balances.

Details of these calculations and supporting documentation are attached hereto as Appendix "I".

- There were various charges contained in the terms of the second mortgage which were to apply following default (e.g., a "default proceedings" charge, a "possession" charge, a "maintenance" charge). In its calculation above, the Receiver has not credited Ra-Tech for any such charges as Ra-Tech has not provided any information in respect of the same and, in any event, in consultation with counsel, the Receiver understands that such charge would

violate Section 8 of the *Interest Act* (Canada) and would be disallowed absent evidence of real costs, legitimately incurred, which has not been provided.

4.2.9 In view of the foregoing, the Receiver believes Ra-Tech is entitled to a distribution of \$432,715.14 (as of April 29, 2022) under the first and second mortgage. However, as Ra-Tech has not provided a payout statement despite numerous requests, the Receiver is not in a position to distribute at this time. The other interested parties should not, however, be prejudiced by Ra-Tech's non-responsiveness. Accordingly, the Receiver proposes that it be authorized to:

- to hold back the amount of \$432,715.14 (the "Holdback") to be paid to Ra-Tech subject to Ra-Tech providing evidence to substantiate the indebtedness satisfactory to the Receiver or further order of the Court; and
- to proceed with the distributions to LCX and CRA discussed below, without recourse to either party.

4.2.10 In addition, so as to accommodate for any costs should Ra-Tech fail to substantiate its claim, the Receiver's Charge shall be specifically granted priority over the Holdback.

4.3 LCX

4.3.1 LCX was given a collateral mortgage in the principal amount of \$300,000 against the Taylor Property as security for David Taylor's unlimited personal guarantee that he gave to LCX in order for LCX to advance funds to Versitec in a factoring arrangement. LCX is also entitled to claim costs of enforcement.

4.3.2 Versitec remains indebted to LCX in the amount of \$776,616.03, plus ongoing interest, as stated in the Taylor Judgement.

4.3.3 BDO has received a security opinion with respect to the collateral mortgage granted by David Taylor in favour of LCX from Loopstra, its independent legal counsel. Loopstra has opined that, subject to the usual qualifications, LCX's security is valid and enforceable. A copy of such security opinion is attached hereto as Appendix "J".

4.4 Canada Revenue Agency

4.4.1 The CRA registration against the Taylor Property is for unpaid personal income tax of David Taylor in the stated amount of \$65,392. A copy of the CRA's registration on title is attached hereto as Appendix "K".

5.0 PROFESSIONAL FEES

- 5.1 Professional Fees of the Receiver and its legal counsel
- 5.1.1 As set out in the affidavit of Peter Crawley of BDO sworn April 14, 2022 and attached hereto as Appendix "L", professional fees of the Receiver incurred from January 14, 2022 to April 7, 2022 amount to 41.1 total hours, fees of \$16,547.50 (at an average hourly rate of \$402.62) (before H.S.T.), with a fee accrual not to exceed \$5,000.00, excluding taxes and disbursements, to complete the remaining activities in its administration (the "Receiver Accrual").
- 5.1.2 As set out in the affidavit of Sarah White of Loopstra sworn April 14, 2022 and attached hereto as Appendix "M", professional fees of the Receiver's counsel incurred from January 22, 2022 to March 31, 2022 amount to 19.20 total hours, fees of \$11,117.00 (at an average hourly rate of \$579) and disbursements of \$180.55 (before H.S.T.), with a free accrual not to exceed \$12,500, excluding taxes and disbursements, to assist the Receiver with the remaining activities in its administration (the "Loopstra Accrual"; and, together with the Receiver Accrual, the "Fee Accrual").
- 5.1.3 The Receiver has reviewed the accounts of Loopstra and believes them to be appropriate and reasonable in the circumstances.
- 5.1.4 Accordingly, the Receiver respectfully requests that this Court approve the fees and disbursements of the BDO and Loopstra.

6.0 DISCHARGE OF THE RECEIVER

6.1.1 The Receiver requests at this time that the Court approve the termination of these Receivership Proceedings and the discharge of the Receiver in respect of the Taylor Property, subject to the Receiver completing the final remaining tasks related to the administration of this Receivership (the "Final Activities") and filing the Receiver's Discharge Certificate with this Honourable Court in accordance with the proposed Discharge Order.

6.1.2 The Final Activities that remain for the Receiver to complete are:

- subject to Court approval, completing the Transaction as contemplated in the Improved Smith Offer;
- distribution of funds to secured parties as per Court approval;
- attending to the payment of Court approved professional fees of the Receiver and its legal counsel; and
- completing steps necessary to terminate these Receivership Proceedings and the discharge of the Receiver and matters ancillary thereto.

7.0 CONCLUSION

For the reasons set out above, the Receiver respectfully requests that the Court issue an order:

- a) approving this Fifth Report and the actions of the Receiver described herein;
- b) authorizing the Receiver to enter into the agreement of purchase and sale and close the Transaction contemplated by the Improved Smith Offer;
- c) approving the distributions of funds to Ra-Tech (subject to the provision of the Holdback), LCX and CRA, as described herein, from proceeds of the Improved Smith Offer;
- d) approving the professional fees and disbursements of the Receiver and its legal counsel, and payment of same from Transaction sale proceeds;
- e) upon completion of Final Activities and filing of the Receiver's Discharge Certificate, discharging the Receiver as Court-appointed receiver of 518 King Street, Port Colborne and releasing the Receiver from any and all liability;
- f) sealing the Confidential Appendices pending completion of the Transaction or further order of the Court; and
- g) such other relief as this Court deems appropriate.

All of which is respectfully submitted this 18th day of April 2022.

BDO CANADA LIMITED, solely in its capacity as Court-appointed Receiver of 1635536 Ontario Inc. o/a Versitec Marine & Industrial, Versitec Marine USA Inc. and 518 King St., Port Colborne Ontario, and not in its corporate or personal capacity.



Per: _____
Peter Crawley, MBA, CPA, CA, CIRP, LIT
Vice President

TAB 2A

Court File No. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	FRIDAY, THE 12TH
)	
MR. JUSTICE KOEHNEN	)	DAY OF FEBRUARY, 2021

B E T W E E N:

(Court Seal)

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
 VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
 DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 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

ORDER
[Substitution of Receiver and Approval of Sale Process]

THIS MOTION, made by Morgan & Partners Inc. (“MPI” or the “Receiver”), Court appointed receiver of certain assets and undertakings of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively, the “Debtors”), for substitution of the Receiver and approval of a sales and marketing process in respect of the assets of the Debtor,

together with related relief, was heard this day by a Judge of the Commercial List via zoom videoconference.

ON READING the First Report of the Receiver dated [February 5, 2021](#) (the “First Report”) and the Preliminary Report of the Substitute Receiver dated February 9, 2021 (the “Preliminary Report”), BDO Canada Limited (the “Substitute Receiver”), and on hearing counsel for the Receiver, the proposed Substitute Receiver and the Applicant creditor, and on hearing the submissions of the lawyer(s) for the parties,

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

2. THIS COURT ORDERS that the activities of the Receiver, as set out in the First Report, are hereby approved, save and except for the Receiver’s activities in relation to the litigation settlements described in the First Report and any payments made by the Debtors or authorized by the Receiver during the period of the Receiver’s appointment or in relation to the litigation settlements.

3. THIS COURT ORDERS that the Receiver is hereby immediately discharged from any and all active duties as Receiver of the undertakings, property and assets of the Debtor, provided however that notwithstanding such discharge, the Receiver is required to prepare an interim statement of receipts and disbursements for the Court, in respect of its portion of the administration of the within receivership through February 12, 2021 (the “Receiver’s Interim R&D”), to be delivered to the Substitute Receiver as soon as practicable, who shall file the same with the Court as part of its future reporting to the Court; and, such discharge shall not relieve the Receiver of its

obligation to cooperate with the Substitute Receiver, including but not limited to (a) transferring all Property of the Debtors to the Substitute Receiver (including but not limited to all tangible and intangible assets, real property, undertakings, books and records, and accounts, as well as functional control of the same); and (b) providing such additional details or support in respect of the Receiver's Interim R&D as required or requested by the Substitute Receiver; and (c) providing such further assistance to the Substitute Receiver as the Substitute Receiver may reasonably request, provided that in so acting, any out-of-pocket costs incurred by the Receiver shall be a cost of the receivership estate.

4. THIS COURT ORDERS that the Substitute Receiver is hereby appointed in substitution of the Receiver and the Order of Gilmore J. dated March 9, 2020 (the "Receiver Appointment Order") is hereby amended and replaced with the Order attached hereto as Schedule "A" (the "Substitute Receiver Appointment Order") to reflect such substitution provided that, and for greater certainty, unless the Substitute Receiver expressly exercises its authority to do so, the Substitute Receiver shall not be obligated to take control of nor operate the business of the Debtors and will proceed to conduct the SISP (as defined in the Preliminary Report and as approved hereby).

5. THIS COURT ORDERS AND DIRECTS, for clarity, that the priorities of approved fees and expenses of the Receiver and Substitute Receiver under the Receiver's Charge, shall be as follows:

- (a) The approved expenses and disbursements of the Receiver shall rank first in priority under the Receiver's Charge;

- (b) The approved expenses and disbursements of the Substitute Receiver shall rank second in priority under the Receiver's Charge; and
- (c) The approved fees of the Receiver and Substitute Receiver shall rank equally and on a *parri passu* basis under the Receiver's Charge, subordinate to the expenses and disbursements of the Receiver and Substitute Receiver as set out above.

6. THIS COURT ORDERS AND DIRECTS that the Substitute Receiver is hereby authorized to conduct the SISP (as defined in the Preliminary Report) and to market and sell the assets of the Debtors in accordance with same, subject to the Court's approval of the terms of any such sale.

7. THIS COURT ORDERS that this Order is effective from today's date and is not required to be entered.



(Signature of judge, officer or registrar)

Schedule "A"

Court File No.: CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	FRIDAY THE 12 TH
)	
JUSTICE KOEHNEN	)	DAY OF FEBRUARY, 2021

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 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

**ORDER
(Appointing Substitute Receiver)**

THIS MOTION made by Morgan & Partners Inc. (“**MPI**”), Court appointed receiver (the “**Receiver**”) of certain assets and undertakings of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc. (Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial shall hereinafter collectively be referred to as the “**Debtors**”) for an Order, *inter alia*, discharging MPI from its active duties as receiver, and substituting and appointing BDO Canada Limited (“**BDO**” or the “**Substitute Receiver**”) as substitute receiver, without security, over the assets, undertakings and properties of the Debtors acquired for or used in relation to a business carried on by the Debtors.

ON READING the First Report of MPI dated February 9, 2021 (the “**First Report**”) and the Preliminary Report of the Substitute Receiver dated February 9, 2021 (the “**Preliminary Report**”), BDO, and on hearing counsel for the MPI, the proposed Substitute Receiver and the Applicant creditor and on hearing the submissions of the lawyer(s) for the parties,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Substitute Receiver, without security, of all of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (all collectively, the "**Property**").

RECEIVER’S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtors, 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 Debtors;
- (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 Substitute 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 Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Substitute Receiver's name or in the name and on behalf of the Debtors, 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 Debtors, the Property or the Substitute 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 Substitute 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 \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; 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.

- (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 Substitute 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 Substitute Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and

on behalf of and, if thought desirable by the Substitute Receiver, in the name of the Debtors;

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Substitute 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 Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE SUBSTITUTE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (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 Substitute 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 Substitute Receiver upon the Substitute Receiver's request.

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

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

7. THIS COURT ORDERS that the Substitute Receiver shall provide each of the relevant landlords with notice of the Substitute 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 Substitute 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 Substitute Receiver, or by further Order of this Court upon application by the Substitute Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE SUBSTITUTE 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 Substitute Receiver except with the written consent of the Substitute Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Substitute Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors 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 Debtors, the Substitute Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Substitute 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 Substitute Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the Substitute Receiver or the Debtors 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 SUBSTITUTE 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 Debtors, without written consent of the Substitute Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtors 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 Debtors 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 Substitute Receiver, and that the Substitute Receiver shall be entitled to the continued use of the Debtors' 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 Substitute Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Substitute Receiver, or as may be ordered by this Court.

SUBSTITUTE RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Substitute 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 Substitute 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 Substitute 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 Debtors shall remain the employees of the Debtors until such time as the Substitute Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Substitute Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Substitute Receiver may specifically agree in writing

to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Substitute 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 Substitute 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 Debtors, and shall return all other personal information to the Substitute 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 Substitute 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 Substitute Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Substitute Receiver shall not, as a result of this Order or anything done in

pursuance of the Substitute 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 SUBSTITUTE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Substitute 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 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 Substitute Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S AND SUBSTITUTE RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and the Substitute Receiver and counsel to the Receiver and counsel to the Substitute 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 Substitute Receiver and counsel to the Receiver and counsel to the Substitute Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's and Substitute 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 and Substitute Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. THIS COURT ORDERS that notwithstanding the foregoing, in respect of any Property of the Debtors not listed in Schedules A1 and A2 to this Order (herein, the "**Equipment**"), the Receiver's and Substitute Receiver's Charge shall only form a first charge in respect of the Equipment to the extent that such fees and expenses of the Receiver and Substitute Receiver have been incurred specifically in relation to the preservation, maintenance or sale of the Equipment.

20. THIS COURT ORDERS that the Receiver, the Substitute Receiver and their legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and

the Substitute Receiver and their legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

21. THIS COURT ORDERS that prior to the passing of its accounts, the Substitute 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 Substitute 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

22. THIS COURT ORDERS that the Substitute 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 Substitute 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 "**Substitute 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 Substitute Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

25. THIS COURT ORDERS that the monies from time to time borrowed by the Substitute Receiver pursuant to this Order or any further order of this Court and any and all Substitute

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 Substitute Receiver's Certificates.

SERVICE AND NOTICE

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

27. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Substitute 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 Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors 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

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

29. THIS COURT ORDERS that nothing in this Order shall prevent the Substitute Receiver from acting as a trustee in bankruptcy of the Debtors.

30. 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 Substitute 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 Substitute Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Substitute Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Substitute 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 Substitute 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.

32. 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 Substitute Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

33. 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 Substitute 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.

34. THIS COURT ORDERS that this Order is effective from today's date and is not required to be entered.



SCHEDULE "A1"**ASSETS**

- (i) All of Versitec Canada's present and future accounts receivable and inventory including, but not limited to, those particular accounts receivable corresponding to invoices issued by Versitec Canada and/or Versitec USA as set out at Schedule "A2";
- (ii) All contract rights, instruments, documents, chattel paper and general intangibles related to any of the foregoing, including all of Versitec Canada's rights as a seller of goods;
- (iii) All collateral held by Versitec Canada securing any of the foregoing;
- (iv) All cash and non cash proceeds of any of the foregoing, in whatever form, including without limitation any balances maintained in any reserve account with LCX and any returned or repossessed goods;
- (v) All books and records relating to the foregoing.

SCHEDULE "B"

SUBSTITUTE RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited, the substitute receiver (the "Substitute Receiver") of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial (the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of March, 2020 (the "Order") made in an action having Court file number CV-20-00637427-00CL, has received as such Substitute Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Substitute 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 Substitute Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Substitute 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 Substitute

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 Substitute Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Substitute 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 _____, 2020.

BDO CANADA LIMITED, solely in its capacity
as Substitute Receiver of the Property, and not in
its personal capacity

Per: _____

Name:

Title:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL et al.

Respondents

Court File No.: CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT
TORONTO

ORDER
(Appointing Substitute Receiver)

TORKIN MANES LLP
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Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-E 4C (May 1, 2016)

https://laishleyreedllp-my.sharepoint.com/personal/cho_laishleyreed_com/Documents/Documents/Draft Order Appointing Substitute Receiver.revisedCJH.BL.docx

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and- 1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL et al.
Respondents

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

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Fax: 1-877-689-3872

Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-E 4C (May 1, 2016)

TAB 2B

Court File No. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS
INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO 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

FOURTH REPORT TO THE COURT
SUBMITTED BY BDO CANADA LIMITED
IN ITS CAPACITY AS SUBSTITUTE RECEIVER OF
1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL
and
VERSITEC MARINE USA INC.

NOVEMBER 18, 2021

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- Appendix E - Administrative Order dated May 4, 2021
- Appendix F - Third Report dated June 16, 2021
- Appendix G - Administrative Order dated June 9, 2021
- Appendix H - Amended CRA Claim Letter for Source Deductions
- Appendix I - Versitec USA Banking Transactions
- Appendix J - Receiver's Statement of Receipts & Disbursements
- Appendix K - Fee Affidavit of Peter Crawley dated November 18, 2021
- Appendix L - Fee Affidavit of Sarah White dated November 16, 2021

1.0 INTRODUCTION AND PURPOSE OF REPORT

1.1 Introduction

- 1.1.1 By way of an order of the Honourable Justice Koehnen of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated February 12, 2021 (the "Appointment Order"), BDO Canada Limited was appointed as the substitute receiver (the "Receiver"), without security, of all the Property (as defined in the Appointment Order) of 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec Canada") and Versitec Marine USA Inc. ("Versitec USA", and collectively "Versitec"). Attached as Appendix "A" is copy of the Appointment Order.
- 1.1.2 Prior to the issuance of the Appointment Order, Versitec had been the subject of a Court-appointed receivership pursuant to the Order of the Honourable Justice Gilmore dated March 9, 2020 wherein Morgan & Partners Inc. had acted as receiver (the "Prior Receiver") until being substituted pursuant to the Appointment Order (the "Substitution").
- 1.1.3 These receivership proceedings were initiated by Versitec's senior secured creditor, Liquid Capital Exchange Corp. ("LCX").
- 1.1.4 The Prior Receiver issued one report in these proceedings dated February 5, 2021 (the "Prior Receiver's Report") to summarize and seek approval of limited activities of the Prior Receiver and provide background in respect of the substitution of the Prior Receiver. A copy of the Prior Receiver's Report is attached to the Receiver's Second Report as Appendix "B".
- 1.1.5 The Receiver issued its first report dated February 9, 2021 (the "Preliminary Report") in these proceedings in support of the motion to approve the Receiver's proposed sale and investment solicitation process (the "SISP"). A copy of the Preliminary Report (without appendices) is attached hereto as Appendix "B". The Appointment Order also authorized the Receiver to conduct the SISP.
- 1.1.6 The Receiver issued its second report dated April 23, 2021 (the "Second Report") in support of the motion to approve the asset purchase agreement (the "Crug APA") between the Receiver and Crug Ltd. ("Crug") that resulted from the SISP. A copy of the Second Report (without appendices) is attached hereto as Appendix "C".
- 1.1.7 On May 4, 2021 the Court issued an Approval and Vesting Order (the "AVO") authorizing the Receiver to enter into the Crug APA and vesting in and to Crug all of Versitec's right, title and interest in the Purchased Assets (as defined in the Crug APA) on closing of the subject transaction. A copy of the AVO is attached hereto as Appendix "D".
- 1.1.8 Additionally, on May 4, 2021 the Court issued an administrative approval order approving the Receiver's Second Report, the activities as described therein, and sealing the two confidential appendices to the Second Report until completion of the transaction contemplated in the Crug APA. A copy of the Administrative Order is attached hereto as Appendix "E".

- 1.1.9 The Receiver issued its third report dated June 16, 2021 (the "Third Report") in support of the motion to, *inter alia*, approve the payment of an interim distribution to LCX. A copy of the Third Report (without appendices) is attached hereto as Appendix "F".
- 1.1.10 On June 22, 2021 the Court issued an Order (the "June 22nd Order") for Administrative Relief approving the Third Report, the activities as described therein, the professional fees of the Receiver and its legal counsel to May 31, 2021 and an interim distribution to LCX. A copy of the June 22nd Order is attached hereto as Appendix "G".
- 1.2 Purpose of this Report
- 1.2.1 This report is the Receiver's fourth report to the Court (the "Fourth Report") and is filed in respect of a motion for an order:
- Approving this Fourth Report and the actions of the Receiver described herein;
 - Approving the professional fees of the Receiver and its legal counsel, Loopstra Nixon LLP ("Loopstra") as detailed in the affidavits of Peter K. Crawley and Sarah White, respectively;
 - Authorizing the Receiver to cause Versitec Canada to make an assignment in bankruptcy, naming BDO Canada Limited as trustee in bankruptcy;
 - Approving the discharge of the Receiver from these proceedings, subject to completion of the Final Activities (as defined herein); and
 - such other relief as this Honourable Court deems appropriate.
- 1.2.2 In preparing this Fourth Report, the Receiver has relied upon the Debtors' books and records, unaudited and draft financial information available, certain financial information obtained from third parties, and discussions with various individuals (collectively, the "Information"). The Receiver has not audited, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.
- 1.2.3 This Fourth Report has been prepared for the use of this Court in respect of the above-noted relief. This Fourth Report should not be relied upon for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Fourth Report contrary to the provisions of this paragraph.
- 1.2.4 All references to dollars are in Canadian currency unless otherwise noted.
- 1.2.5 In accordance with the Appointment Order, copies of unsealed materials and prescribed notices delivered and/or filed in the receivership proceedings are available on the Receiver's case website at www.extranets.bdo.ca/versitecmarine.

2.0 RECEIVER'S ACTIVITIES

2.1 Introduction

- 2.1.1 This Section is intended to provide the Court with a summary of the Receiver's activities since the issuance of the June 22nd Order.

2.2 Distribution to Canada Revenue Agency

- 2.2.1 As reported in the Third Report, Canada Revenue Agency ("CRA") had indicated to the Receiver that its claim for unremitted source deductions (the "CRA Deemed Trust Amount") was \$65,428.90. CRA issued an amended claim letter on July 22, 2021 to the Receiver wherein the CRA Deemed Trust Amount was revised to \$145,674.97 (the "Revised CRA Deemed Trust Amount"). The reason for the increase was that the 2019 and 2020 pre-receivership T4 assessments appear to not have been factored into the initial figure provided by CRA. The Receiver has reviewed CRA's calculation in detail and has found no reason to dispute the Revised CRA Deemed Trust Amount. In accordance with the June 22nd Order, the Receiver has paid the Revised CRA Deemed Trust Amount to CRA. A copy of the revised claim letter is attached hereto as Appendix "H".

- 2.2.2 CRA has also reassessed Versitec Canada's H.S.T. account and levied an assessment to reverse the input tax credits previously claimed in respect of the unpaid accounts payable as at March 9, 2020. The amount of this priority claim is \$18,559.80 (the "HST Claim"). This amount remains unpaid.

- 2.2.3 LCX has advised that it intends to request an order authorizing the Receiver to cause Versitec Canada to make an assignment in bankruptcy. LCX advised that the purpose of this relief is two-fold: (i) to reverse the statutory deemed trust for H.S.T. in the context of a significant shortfall on recoveries suffered by LCX; and, (ii) to allow the trustee to access the provisions of the BIA empowering it to review prior transactions.

- 2.2.4 In considering this request, the Receiver notes that:

(a) Versitec Canada is insolvent and has failed to - and continues to fail to - meet its obligations as they come due:

(b) LCX would otherwise be entitled to make an application for a bankruptcy order;

(c) the Courts have held that using a bankruptcy to reverse the HST deemed trust is a valid basis for the same;

(d) Versitec Canada has no operations, employees, or assets; and

(e) a bankruptcy will not otherwise prejudice any other creditor of 234; and, moreover, a trustee in bankruptcy has certain investigatory powers that may be beneficial to all creditors.

- 2.2.5 For the reasons above, the Receiver supports LCX's request for an order authorizing the Receiver to cause Versitec Canada to make an assignment in bankruptcy; and, if such order is granted, shall appoint a trustee satisfactory to LCX (which for greater certainty, may include BDO Canada Limited), once such trustee confirms to the Receiver that it accepts the appointment.
- 2.2.6 In the event that Versitec Canada makes an assignment in bankruptcy, the HST Claim will be unsecured and will not be paid in priority to LCX.
- 2.3 Distribution to LCX
- 2.3.1 The Receiver distributed the sum of USD\$81,000 to LCX on June 23, 2021 in accordance with the June 22nd Order.
- 2.4 Obtaining U.S. Bank Statements
- 2.4.1 As reported by the Prior Receiver in the Prior Receiver's Report, Versitec USA maintained bank accounts at Bank of America (the "BOA Account") and BB&T (the "BB&T Account") branches in Boca Raton, Florida. The Prior Receiver advised this Court that customer payments continued to be received into the BOA Account after March 9, 2020 and these funds were being swept into the BB&T Account to prevent subordinate creditors from obtaining payments in priority to LCX.
- 2.4.2 The Receiver became aware that certain customer payments continued to be made to the BOA Account on or around the time that the Receiver was appointed. The Receiver put both Bank of America and BB&T on notice of its appointment and requested that the accounts be frozen in an effort to obtain the funds. The Receiver, directly and through counsel, requested statements from the US banks. Bank of America and BB&T did not comply with the Receiver's requests to freeze the account, nor to provide statements.
- 2.4.3 The Receiver, with the assistance of the U.S. Court, obtained copies of bank statements from Bank of America and BB&T for the period of these receivership proceedings. The assistance of the U.S. Court was required as Bank of America and BB&T would not recognize the Receiver's status in the United States.
- 2.4.4 The Receiver brought an application (the "U.S. Application") for an *ex parte* order pursuant to 28 U.S.C. §1782 to conduct discovery for use in a foreign proceeding in the United States District Court - Southern District of Florida on August 16, 2021. The purpose of this was to obtain subpoenas to compel Bank of America and BB&T to release bank statements to the Receiver.
- 2.4.5 The subpoenas were issued by the U.S. Court on September 18, 2021 but were effectively delayed because of an objection filed by Reuben Byrd ("Mr. Byrd") - a respondent in these proceedings and the former CEO of Versitec and former contractor with the Prior Receiver.
- 2.4.6 Mr. Byrd's objection was vague and was dismissed when Mr. Byrd failed, in response to a request from the presiding judge, to file materials to substantiate his objection.

2.4.7 Bank of America and BB&T then complied with the subpoenas and produced the requested bank statements.

2.5 Review of Versitec USA Bank Transactions

2.5.1 The Receiver has reviewed the bank statements of the BOA Account and the BB&T Account for the period March 9, 2020 to April 30, 2021.

2.5.2 The BB&T Account appears to have been opened on or about April 3, 2020 and used until February 19, 2021. The Prior Receiver has stated that the BB&T Account was “solely controlled by the (Prior) Receiver.”¹

2.5.3 The BOA Account was in use prior to March 9, 2020 and appeared to be used until April 30, 2021.

2.5.4 Global Marine Engineering Inc. (“Global”) is a company believed to be owned and operated Mr. Byrd, Versitec’s former chief executive officer.

2.5.5 Mr. Byrd had entered into a management consulting agreement with the Prior Receiver in his personal capacity but issued invoices for his services through Global.

2.5.6 The Receiver has prepared a detailed analysis of the banking activity between Versitec USA and Global during the period of these receivership proceedings. A summary of this analysis is attached hereto as Appendix “I”. The Receiver has found that:

- A total of \$1,127,020.91 USD was received from Versitec customers into the BOA Account during the receivership proceedings;
- Numerous transactions took place in both the BOA Account and the BB&T Account with Global. Transfers of funds were being made to and from Global on a regular basis; and
- In summary, Global appears to be indebted to the Estate in the amount of \$293,122 USD.
- Further payments of \$170,741.59 were made to three creditors of Versitec USA (the “Creditor Payees”) which may have been made to the prejudice of LCX.

2.5.7 The Receiver is not funded to pursue collection of the aforementioned amounts. Moreover, given the shortfall suffered by LCX, LCX appears to be the only party with an economic interest in potentially pursuing claims in respect of the transfer of funds out of the BOA Account and BB&T Account.

2.5.8 Accordingly, the Receiver proposes to assign and transfer to LCX, any claim, right, title and interest of the Debtors or the Receiver (if any), against any person, in respect of or connected with the transfer of funds out of the BOA Account and BB&T Account to Global and/or the Creditor Payees (as all claims being the “Outstanding Claims”), on the condition that LCX account back to the Debtors or any trustee or

¹ Paragraph 28 of the Prior Receiver’s Report dated February 5, 2021

administrator of the Debtors' estate in respect of any recoveries receiver in excess of the shortfall on its security.

2.6 Receipts & Disbursements

- 2.6.1 Attached hereto as Appendix "J" is the Receiver's Interim Statement of Receipts and Disbursements for the period February 12, 2021 to November 10, 2021. At this time, the Receiver has a total of \$59,967 CAD equivalent (\$1,057 CAD and \$48,905 USD) in its estate trust accounts.

3.0 PROPOSED FINAL DISTRIBUTION

3.1 Introduction

3.1.1 The Receiver has provided information on the creditors of Versitec in its Third Report.

3.1.2 At this time, the only secured creditors with entitlement to the remaining funds in these receivership proceedings are the Receiver and its legal counsel, and LCX.

3.1.3 Canada Revenue Agency remains a priority creditor in respect of the H.S.T. Claim.

3.2 LCX

3.2.1 The amount owing to LCX and subject to security granted by Versitec in favour of LCX (the "LCX Indebtedness") as at June 16, 2021, as per the Third Report, was \$764,695.04.

3.2.2 LCX has received three (3) distributions in these proceedings thus far:

- \$50,000 CAD from the Prior Receiver on June 25, 2020
- \$10,000 CAD from the Prior Receiver on August 4, 2020; and
- \$81,000 USD from the Receiver on June 23, 2021.

A summary of the outstanding current balances is as follows:

AC #	Currency	Net Funds Employed	Penalty for funds misdirected	Accrued Fees	Enforcement Costs (1)	Total Balance owing
4822	CDN	255,319.88	24,471.00	135,110.14	89,179.93	\$504,080.95
			-			
4821	US	28,224.77	2,953.00	32,390.38		63,568.15
			-			
4820U	US	79,405.50	14,449.00	58,875.03		152,729.53
Memo: FX rate US to CDN \$		1.26	FX rate Nov 11	Total Stated in CDN		\$776,616.03

3.3 Proposed Final Distribution

- 3.3.1 After providing for the unpaid professional fees of the Receiver and its legal counsel to discharge, subject to Court approval, and causing Versitec Canada to make an assignment in bankruptcy (assuming the Receiver is so authorized), the Receiver will distribute remaining proceeds in its trust accounts to LCX as the June 22nd Order authorized the Receiver to make such further distributions to LCX.²

² In the event that the bankruptcy of Versitec Canada is not authorized, the Receiver shall pay the HST Claim in priority to the final distribution to LCX or hold funds on account of such claim pending further order of the Court.

4.0 PROFESSIONAL FEES

- 4.1 Professional Fees of the Receiver and its legal counsel
- 4.1.1 As set out in the affidavit of Peter Crawley of BDO sworn November 18, 2021 and attached hereto as Appendix "K", professional fees of the Receiver incurred from June 1, 2021 to November 15, 2021 amount to 94.1 total hours, fees of \$37,982.50 (at an average hourly rate of \$403.64) (before H.S.T.), with a fee accrual not to exceed \$5,000, excluding taxes and disbursements, to complete the remaining activities in its administration (the "Receiver Accrual").
- 4.1.2 As set out in the affidavit of Sarah White of Loopstra sworn November 16, 2021 and attached hereto as Appendix "L", professional fees of the Receiver's counsel incurred from June 1, 2021 to October 12, 2021 amount to 44.9 total hours, fees of \$19,672.50 (at an average hourly rate of \$438.14) and disbursements of \$1,716.44 (before H.S.T.), with a free accrual not to exceed \$5,000, excluding taxes and disbursements, to assist the Receiver in with the remaining activities in its administration (the "Loopstra Accrual"; and, together with the Receiver Accrual, the "Fee Accrual").
- 4.1.3 The Receiver has reviewed the accounts of Loopstra and believes them to be appropriate and reasonable in the circumstances.
- 4.1.4 Accordingly, the Receiver respectfully requests that this Court approve the fees and disbursements of the BDO and Loopstra.

5.0 DISCHARGE OF THE RECEIVER

5.1.1 The Receiver requests at this time that the Court approve the termination of these Receivership Proceedings and the discharge of the Receiver, subject to the Receiver completing the final remaining tasks related to the administration of this Receivership (the "Final Activities") and filing the Receiver's Discharge Certificate with this Honourable Court in accordance with the proposed Discharge Order.

5.1.2 The Final Activities that remain for the Receiver to complete are:

- Recovery of any HST refunds in respect of the Receiver's activities;
- Attending to the payment of Court approved professional fees of the Receiver and its legal counsel;
- Subject to Court approval, causing Versitec Canada to make an assignment in bankruptcy;
- Subject to Court approval, completing the assignment of the Outstanding Claims to LCX;
- Payment of remaining residual funds to LCX;
- Completing any statutory and administrative duties and filings required of the Receiver; and
- Completing steps necessary to terminate these Receivership Proceedings and the discharge of the Receiver and matters ancillary thereto.

6.0 CONCLUSION

6.1.1 For the reasons set out above, the Receiver respectfully requests that the Court issue an order:

- a) approving this Fourth Report and the actions of the Receiver described herein;
- b) approving the professional fees and disbursements of the Receiver and its legal counsel;
- c) authorizing the Receiver to cause Versitec Canada to make an assignment in bankruptcy;
- d) upon completion of Final Activities and filing of the Receiver's Discharge Certificate, discharging the Receiver as Court-appointed receiver of Versitec and releasing the Receiver from any and all liability; and
- e) such other relief as this Court deems appropriate.

All of which is respectfully submitted this 18th day of November, 2021.

BDO CANADA LIMITED, solely in its capacity as Court-appointed Receiver of 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. and not in its corporate or personal capacity.



Per: _____
Peter Crawley, MBA, CPA, CA, CIRP, LIT
Vice President

TAB 2C

Court File No. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) WEDNESDAY, THE 24TH
 JUSTICE PENNY) DAY OF NOVEMBER, 2021

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
 VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
 DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 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

DISCHARGE ORDER

THIS MOTION, made by Liquid Capital Exchange Corp. (“**LCX**”) on behalf of BDO Canada Limited (“**BDO**”) in its capacity as the Court-appointed receiver (the “**Receiver**”) of the undertaking, property and assets of all the Property of 1635536 Ontario Inc. o/a Versitec Marine & Industrial (“**Versitec Canada**”) and Versitec Marine USA Inc. (“**Versitec USA**”, and collectively the “**Debtor**”), for an Order:

1. approving the activities of the Receiver as set out in the Fourth Report of the Receiver dated November 18, 2021 (the “**Fourth Report**”);
2. approving the fees and disbursements of the Receiver and its counsel;



3. approving the distribution of the remaining proceeds available in the estate of the Debtor;
4. discharging BDO Canada Limited as Receiver of the undertaking, property and assets of the Debtor; and
5. releasing BDO Canada Limited from any and all liability, as set out in paragraph 5 of this Order,

was heard this day by zoom videoconference on November 24, 2021.

ON READING the Motion Record of the moving Party, the Fourth Report, the Affidavit of Jonathan Brindley sworn November 18, 2021, the affidavits of the Receiver and its counsel as to fees (the “**Fee Affidavits**”), and on hearing the submissions of counsel for those parties in attendance,

1. THIS COURT ORDERS that the Fourth Report and the activities of the Receiver as set out therein, are hereby approved.
2. THIS COURT ORDERS that the Receiver is hereby authorized and directed to:
 - (a) upon the Receiver being satisfied that provision has been made for the funding of the same, cause Versitec Canada to make an assignment in bankruptcy and, as necessary, execute all necessary documents on behalf of Versitec Canada to effect the same and to appoint BDO Canada Limited as its trustee in bankruptcy;
 - (b) assign the Outstanding Claims, as defined in the Fourth Report, to LCX, on the condition that LCX undertake to account back to the Debtor or any trustee or

administrator of the Debtor's estate(s) in respect of any recoveries received in excess of the shortfall on its security; and

(c) complete the Final Activities, as defined in the Fourth Report.

3. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, as set out in the Fourth Report and the Fee Affidavits, are hereby approved.

4. THIS COURT ORDERS that, after payment of the fees and disbursements herein approved and being satisfied that provision has been made for the funding of the bankruptcy of Versitec Canada, the Receiver shall pay the monies remaining in its hands to LCX.

5. THIS COURT ORDERS that upon payment of the amounts set out in paragraph 3 hereof and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Fourth Report, the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of BDO in its capacity as Receiver.

6. THIS COURT ORDERS AND DECLARES that BDO is hereby released and discharged from any and all liability that BDO now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of BDO while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, BDO is hereby forever released and discharged from any and all

liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

7. THIS COURT ORDERS that this order is effective from today's date and is enforceable without the need for entry and filing.



LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and- 1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL et al.
Respondents

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

DISCHARGE ORDER

TORKIN MANES LLP

Barristers & Solicitors

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Toronto ON M5C 2W7

Stewart Thom (55695C)

sthom@torkinmanes.com

Tel: 416-777-5197

Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-F 4C (September 1, 2020)

TAB 2D

Court File No. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	WEDNESDAY, THE 24 TH
)	
JUSTICE PENNY	)	DAY OF NOVEMBER, 2021

B E T W E E N:



LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
 VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
 DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

Respondents

*APPLICATION UNDER SECTION 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*

JUDGMENT

THIS MOTION, made by the Applicant, Liquid Capital Exchange Corp. (“**LCX**”), for judgment against the Respondent parties, was heard this day by video conference.

ON READING the Motion Record of the Moving Party, the Affidavit of Jonathan Brindley sworn November 18, 2021, The Fourth Report of the Receiver BDO Canada Limited, in its capacity as receiver of the assets and property of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine Holdings Inc. and Versitec Marine USA Inc. (the “**Receiver**”), dated November 18, 2021, and on hearing the submissions of counsel for LCX and the Receiver,

1. THIS COURT ORDERS AND ADJUDGES that that the Respondents 1635536 Ontario Inc. O/A Versitec Marine & Industrial, Versitec Marine Holdings Inc., Versitec Marine USA Inc., David Taylor, and David Carpenter are jointly and severally liable to pay, and are hereby ordered to pay to LCX, the sum of \$776,616.03 (the “**Judgment Amount**”).

2. THIS COURT ORDERS AND ADJUDGES that that the Respondents 1635536 Ontario Inc. O/A Versitec Marine & Industrial, Versitec Marine Holdings Inc., Versitec Marine USA Inc., David Taylor, and David Carpenter are jointly and severally liable to pay, and are hereby ordered to pay to LCX, prejudgment interest on the judgment amount from November 11, 2021, to November 23, 2021, in the amount of \$9,319.39.

THIS JUDGMENT BEARS INTEREST on the Judgment Amount at the rate of 36.5% per cent per annum commencing on November 24, 2021.

A handwritten signature in blue ink, appearing to read 'P. J.', is written over a horizontal line. Below the line, the text '(Signature of Court Officer)' is printed in a smaller font.

RCP-E 59B (September 1, 2020)

LIQUID CAPITAL EXCHANGE CORP.

-and- 1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL et al.
Respondents

Applicant

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

JUDGMENT

TORKIN MANES LLP
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Tel: 416-777-5197

Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-F 4C (September 1, 2020)

TAB 2E

Court File No. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE	)	MONDAY, THE 24TH
)	
JUSTICE CAVANAGH	)	DAY OF JANUARY, 2022

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
 VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
 DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 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

AMENDED AND RESTATED ORDER
(appointing Receiver)

THIS MOTION made by the Applicant, Liquid Capital Exchange Corp. (“**LCX**”) for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) appointing BDO Canada Limited as receiver (in such capacities, the “**Receiver**”) of the lands and premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the “**Real Property**”) owned by David Taylor (the “**Debtor**”) was heard this day at 330 University Avenue, 9th Floor, Toronto, Ontario.

ON READING the Affidavits of Jonathan Brindley sworn January 18, 2022 and January 21, 2022 and the Exhibits thereto and on hearing the submissions of counsel for LCX, and on being advised of the consent of BDO Canada Limited to act as the Receiver, and on hearing the submissions of Andy Ferri,

SERVICE

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

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Receiver, without security, of the Real Property and for all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the Real Property, the “Property”).

RECEIVER’S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, respecting the Property 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 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 respecting the Property;
- (f) to settle, extend or compromise any indebtedness owing to the Debtor respecting the Property;

- (g) 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;
- (h) 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;
- (i) 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;
- (j) 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 \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$250,000; 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.

- (k) 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;
- (l) 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;
- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (n) 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;
- (o) 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;
- (p) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have respecting the Property; and

- (q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations respecting the Property.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

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

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor respecting the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the “Records”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided

however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

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

creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

RECEIVER TO HOLD FUNDS

12. 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.

PIPEDA

13. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “Sale”). Each prospective Purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale,

shall return all such information to the Receiver, or in the alternative destroy all such information. The Purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

14. 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

15. 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 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

16. 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 which charge shall be subordinate in priority to the charges registered as Instrument Nos SN453043 and SN572732 on title to the Property but otherwise in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

17. 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.

18. 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

19. 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 \$150,000 (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 14.06(7), 81.4(4), and 81.6(2) of the BIA.

20. 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.

21. 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.

22. 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

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

24. 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

25. 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.

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

27. 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.

28. 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.

29. 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.

30. 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 BDO Canada Limited, the receiver (the “Receiver”) of the the lands and premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the “Real Property”) and for the assets, undertakings and properties of David Taylor acquired for, or used in relation to the Real Property, including all proceeds thereof (together with the real Property collectively, the “Property”) appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated January 24, 2022 day of the Honourable justice Dietrich (the “Order”) made in an action having Court file number CV-20-00637427-00CL-CL, has received as such Receiver from the holder of this certificate (the “Lender”) the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the

Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

1. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.
2. 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.
3. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.
4. 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 January, 2022.

BDO Canada Limited , solely in its capacity as
Receiver of the Property, and not in its personal
capacity

Per: _____

Name:

Title:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and- 1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL et al.
Respondents

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

TORKIN MANES LLP

Barristers & Solicitors

151 Yonge Street, Suite 1500

Toronto ON M5C 2W7

Stewart Thom (55695C)

sthom@torkinmanes.com

Tel: 416-777-5197

Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-F 4C (September 1, 2020)

TAB 2F

PROPERTY DESCRIPTION: PT BLK F PL 775 W/S VICTORIA ST & PT LT 1 PL 777, PTS 1 & 2 59R5190 EXCEPT PT 1, 59R11601 & PT 1, 59R14873; T/W R0525634; CITY OF PORT COLBORNE

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:

DIVISION FROM 64147-0095

PIN CREATION DATE:

2014/01/20

OWNERS' NAMES

TAYLOR, DAVID

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
<p>** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2014/01/20 **</p> <p>**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:</p> <p>** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES * AND ESCHEATS OR FORFEITURE TO THE CROWN.</p> <p>** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY CONVENTION.</p> <p>** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.</p> <p>**DATE OF CONVERSION TO LAND TITLES: 1999/01/18 **</p> <p>NOTE: THE NO DEALINGS INDICATOR IS IN EFFECT ON THIS PROPERTY</p>						
RO436081	1985/09/21	BYLAW				C
59R5190	1987/02/13	PLAN REFERENCE				C
SN292467	2010/09/09	TRANSFER		*** DELETED AGAINST THIS PROPERTY *** WICKENS, LYNDA JEAN	MELANSON, STEWART JAMES	
REMARKS: PLANNING ACT STATEMENTS						
SN292468	2010/09/09	CHARGE		*** DELETED AGAINST THIS PROPERTY *** MELANSON, STEWART J.	THE BANK OF NOVA SCOTIA	
SN304038	2011/01/20	NOTICE		*** DELETED AGAINST THIS PROPERTY *** MELANSON, STEWART J.	THE BANK OF NOVA SCOTIA	
REMARKS: AGREEMENT AMENDING CHARGE SN292468						
SN453042	2015/11/24	TRANSFER	\$292,490	MELANSON, STEWART JAMES	TAYLOR, DAVID	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND
REGISTRY
OFFICE #59

64147-0114 (LT)

PREPARED FOR shalan01
ON 2022/01/18 AT 16:34:23

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
SN453043	2015/11/24	CHARGE	\$235,000	TAYLOR, DAVID	GOLDEN HORSESHOE INVESTMENT INC	C
SN455197	2015/12/14	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE BANK OF NOVA SCOTIA		
	REMARKS: SN292468. SN304038					
SN502443	2017/03/03	CHARGE		*** COMPLETELY DELETED *** TAYLOR, DAVID	633561 ONTARIO LIMITED	
SN572732	2018/11/21	CHARGE	\$125,000	TAYLOR, DAVID	ORVITZ, STEVAN	C
SN572783	2018/11/22	DISCH OF CHARGE		*** COMPLETELY DELETED *** 633561 ONTARIO LIMITED		
	REMARKS: SN502443.					
SN587591	2019/05/03	CHARGE	\$300,000	TAYLOR, DAVID	LIQUID CAPITAL EXCHANGE CORP	C
SN593701	2019/07/02	LIEN	\$65,392	HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		C
	REMARKS: TAX LIEN					
SN661075	2021/02/10	TRANSFER OF CHARGE		GOLDEN HORSESHOE INVESTMENT INC	ORVITZ, STEVAN	C
	REMARKS: SN453043.					
SN669720	2021/04/16	TRANSFER OF CHARGE		ORVITZ, STEVAN	RA-TECH CAD SERVICES INC.	C
	REMARKS: SN453043 AND SN572732 SN453043, SN572732					
SN706446	2021/12/21	CAUTION-LAND	\$1	TAYLOR, DAVID	LIQUID CAPITAL EXCHANGE CORP.	

TAB 2G



April 7, 2022
File No. 06325-0009

VIA EMAIL (pcrawley@bdo.ca)

BDO Canada Ltd.
25 Main Street West – Suite 805
Hamilton, ON L8P 1H1
Attn: Peter Crawley

Dear Mr. Crawley:

Re: Review of mortgage security granted by David Taylor (“Taylor”) Golden Horseshoe Investment Inc. and Stevan Orvitz, now assigned to Ra-Tech CAD Services Inc. (“Ra-Tech”)

At your request, we have reviewed the mortgage security granted by Taylor to (i) Golden Horseshoe Investment Inc. (“**GHI**”) and (ii) Stevan Orvitz (“**Orvitz**”), now assigned to Ra-Tech”. We undertake the analysis herein with a view to forming an opinion as to the enforceability of the mortgage security as against the real property owned by Taylor and known as 518 King Street, Port Colborne, Ontario and have property identification number (PIN) 64147-0014 (the “**Real Property**”).

This report is provided solely for the benefit of BDO Canada Ltd., in its capacity as court-appointed receiver (in such capacity, the “**Receiver**”), without security, over the Real Property, including all proceeds thereof, and may not be used or relied upon by any other person or for any other purpose without our prior express written consent.

The Mortgages

A. Mortgage to Golden Horseshoe Investment Inc.

We have reviewed a copy of a mortgage on the Real Property, granted by Taylor in favour of GHI on November 24, 2015 (the “**GHI Mortgage**”), which we have obtained from the Motion Record of Liquid Capital Exchange Corp. (“**LCX**”) dated January 18, 2022 and filed in respect of a motion by the LCX for an order appointing the Receiver. We assumed this copy to be a true copy of the GHI Mortgage.

The GHI Mortgage is in the principal amount of \$235,000, subject to Standard Charge Terms 200033, and bears interest at a rate of 7.35%, calculated semi-annually not in advance, with monthly payments of \$1,652.41 commencing on January 1, 2016 and a maturity date of

Woodbine Place, 135 Queens Plate Drive, Suite 600, Toronto, Ontario, Canada M9W 6V7

Tel: 416.746.4710 Fax: 416.746.8319 loopstranixon.com

LawExchange
INTERNATIONAL



December 1, 2016, renewable at the discretion of GHI. Pursuant to Standard Charge Terms 200033, inter alia, all costs of enforcement and recovery of collectable as principal under the GHI Mortgage.

We have assumed that the GHI Mortgage, and the registration thereof, was authorized by the appropriate person(s), within the capacity and scope of the authority of such person(s), and represents a valid and subsisting obligation of Taylor to GHI and any assignee thereof (as discussed below).

B. Mortgage to Stevan Orvitz

We have reviewed a copy of a mortgage on the Real Property, granted by Taylor in favour of GHI on November 11, 2018 (the "**Orvitz Mortgage**"), which we have obtained from the Motion Record of Liquid Capital Exchange Corp. ("**LCX**") dated January 18, 2022 and filed in respect of a motion by the LCX for an order appointing the Receiver. We assumed this copy to be a true copy of the Orvitz Mortgage.

The Orvitz Mortgage is in the principal amount of \$125,000, subject to Standard Charge Terms 200033, and bears interest at a rate of 12.0%, with monthly payments of interest only in the amount of \$1,250.00 commencing on January 1, 2019 and a maturity date of December 1, 2019, renewable upon prior agreement of the mortgagee and mortgagor. Pursuant to Standard Charge Terms 200033, inter alia, all costs of enforcement and recovery of collectable as principal under the Orvitz Mortgage. In addition, pursuant to schedule "A" to the Orvitz Mortgage, various charges are applicable following missed payments or defaults, provided however that any such charges would be subject to limitations under the *Interest Act* (Canada).

We have assumed that the Orvitz Mortgage, and the registration thereof, was authorized by the appropriate person(s), within the capacity and scope of the authority of such person(s), and represents a valid and subsisting obligation of Taylor to Orvitz and any assignee thereof (as discussed below).

Assignment of Mortgages

We understand that the GHI mortgage was assigned to Orvitz and, subsequently, Orvitz assigned the each of GHI Mortgage and the Orvitz Mortgage (the "**Mortgages**") to Ra-Tech.

First Assignment: GHI Mortgage to Orvitz

We have reviewed a copy of an agreement re: terms of assignment of charge/mortgage GHI and Orvitz, dated February 8, 2021 (the "**First Assignment**") and registered on title to the Real Property as instrument no. SN661075 on February 10, 2021, which we have obtained by requisitioning the same as registered against the Real Property. We assumed this copy to be a true copy of the First Assignment.

Pursuant to the First Assignment, *inter alia*, in exchange for payment of \$229,147.35 (including of legal fees) as at February 12, 2021, GHI agreed to assign the GHI Mortgage to Orvitz.

The First Assignment appears to have been executed by Orvitz on February 8, 2021 (witnessed by someone named “R Douglas”) and by Robert Knapman, on behalf of GHI on February 9, 2021 (witnessed by an individual with an illegible signature). We have assumed that all signatories had the requisite and necessary capacity and authority to execute the First Assignment; that value has been advanced by Orvitz to GHI; and, that the First Assignment represents a valid transfer for the GHI Mortgage to Orvitz.

Second Assignment: Mortgages to Ra-Tech

We have reviewed a copy of an assignment agreement between Orvitz and Ra-Tech, dated March 31, 2021 (the “**Second Assignment**”), and registered on title to the Real Property as instrument no. SN669720 on April 16, 2021, which we have obtained by requisitioning the same as registered against the Real Property. We assumed this copy to be a true copy of the Second Assignment.

Pursuant to the Second Assignment, *inter alia*, in exchange for payment of \$401,827.99, plus a \$45.52 per diem charge under the GHI Mortgage and a \$46.19 per diem charge under the Orvitz Mortgage, until the date of payment, Orvitz agreed to assign the Mortgages to Ra-Tech, together with any right, title and interest in a pre-existing notice of sale and statement of claim.

The Second Assignment appears to have been executed on April 15, 2021 by Orvitz (witnessed by someone named “R Douglas”) and by Andy Ferri, on behalf of Ra-Tech (not witnessed). We have assumed that all parties had the requisite and necessary capacity and authority to execute the Second Assignment; that value has been advanced by the Ra-Tech to Orvitz; and, that Second Assignment represents a valid transfer for the Mortgages to Ra-Tech.

Security Searches

A. Real Property Security

The Real Property, identified as the relevant real property for the purposes of this security review, comprises a single parcel of land. We have obtained and reviewed a parcel register in respect of the Real Property, a copy of which search is attached hereto as Appendix “A”. The search discloses the following registration in respect of the Mortgages:

- (*first*) the GHI Mortgage, registered on November 24, 2015 under instrument no. SN453043 and transferred to Orvitz on February 10, 2021, which transfer is registered under instrument no. SN661075, and transferred subsequently to Ra-Tech on April 16, 2021, which transfer is registered under instrument no. SN669720 ; and
- (*second*) the Orvitz Mortgage, registered on November 21, 2018 under instrument no. SN57232 and transferred to Ra-Tech. on April 16, 2021, which transfer is registered under instrument no. SN669720.

Such registration appears to be registered as the first- and second-ranking charges against the Real Property.

In addition to the registrations in respect of the Lender's security interest, the search also discloses the following registrations:

- *(third)* a charge in favour of Liquid Capital Exchange Corp., in the principal amount of \$300,000, registered on May 3, 2019, under instrument no. SN59370.

We have assumed that the information contained in the title searches is correct, accurate and complete, and that the security interests in the Real Property are validly registered under prevailing laws and continues to be so registered as of the date hereof.

A copy of the parcel register search of the Real Property is attached hereto as Appendix "A".

B. Personal Property Security

We have not considered any personal property security as that is beyond the scope of the requested review and we understand that (i) the Receiver is not appointed over Taylor's personal property and (ii) the transaction for Real Property being pursued by the Receiver does not contemplate the sale or disposition of any of Taylor's personal property.

C. Bank Act Security

We have obtained a search certificate issued by the Authorized Section 427 Bank Act Registrar in respect of Taylor, dated April 1, 2022, which indicates that no "Notice of Intention to Give Security" under section 427 of the *Bank Act* (Canada) has been filed in respect of Taylor.

Assumptions and Qualifications

Specific Assumptions

- The First Assignment is sufficient to transfer interest in the GHI Mortgage to Orvitz.
- The Second Assignment is sufficient to transfer interest in the Mortgages to Ra-Tech.

General Assumptions and Qualifications

- In addition to such other assumptions and qualifications set out herein, our review is subject to the general assumptions and qualifications set out in Appendix "B" attached hereto.

[continued]



Conclusion

Subject to the assumptions and qualifications above and those set out in the Appendix "B" hereto, it is our opinion that the mortgage security granted by Taylor under the Mortgages, as it concerns the Real Property, is valid and enforceable as of the date hereof.

If you require any further assistance or have any questions in respect of the matters discussed herein, please do not hesitate to contact us.

Yours very truly,

A handwritten signature in blue ink that reads "Loopstra Nixon LLP".

LOOPSTRA NIXON LLP

Encl.



LOOPSTRA NIXON LLP
BARRISTERS AND SOLICITORS

APPENDIX "A"
PARCEL REGISTER
(see attached)

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

PROPERTY DESCRIPTION: PT BLK F PL 775 W/S VICTORIA ST & PT LT 1 PL 777, PTS 1 & 2 59R5190 EXCEPT PT 1, 59R11601 & PT 1, 59R14873; T/W R0525634; CITY OF PORT COLBORNE

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:

DIVISION FROM 64147-0095

PIN CREATION DATE:

2014/01/20

OWNERS' NAMES

TAYLOR, DAVID

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2014/01/20 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 1999/01/18 **						
RO436081	1985/09/21	BYLAW				C
59R5190	1987/02/13	PLAN REFERENCE				C
SN292467	2010/09/09	TRANSFER		*** DELETED AGAINST THIS PROPERTY *** WICKENS, LYNDA JEAN	MELANSON, STEWART JAMES	
REMARKS: PLANNING ACT STATEMENTS						
SN292468	2010/09/09	CHARGE		*** DELETED AGAINST THIS PROPERTY *** MELANSON, STEWART J.	THE BANK OF NOVA SCOTIA	
SN304038	2011/01/20	NOTICE		*** DELETED AGAINST THIS PROPERTY *** MELANSON, STEWART J.	THE BANK OF NOVA SCOTIA	
REMARKS: AGREEMENT AMENDING CHARGE SN292468						
SN453042	2015/11/24	TRANSFER	\$292,490	MELANSON, STEWART JAMES	TAYLOR, DAVID	C
SN453043	2015/11/24	CHARGE	\$235,000	TAYLOR, DAVID	GOLDEN HORSESHOE INVESTMENT INC	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.

NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND
REGISTRY
OFFICE #59

64147-0114 (LT)

PREPARED FOR Shannon1
ON 2022/04/01 AT 14:37:01

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
SN455197	2015/12/14	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE BANK OF NOVA SCOTIA		
		REMARKS: SN292468. SN304038				
SN502443	2017/03/03	CHARGE		*** COMPLETELY DELETED *** TAYLOR, DAVID	633561 ONTARIO LIMITED	
SN572732	2018/11/21	CHARGE	\$125,000	TAYLOR, DAVID	ORVITZ, STEVAN	C
SN572783	2018/11/22	DISCH OF CHARGE		*** COMPLETELY DELETED *** 633561 ONTARIO LIMITED		
		REMARKS: SN502443.				
SN587591	2019/05/03	CHARGE	\$300,000	TAYLOR, DAVID	LIQUID CAPITAL EXCHANGE CORP	C
SN593701	2019/07/02	LIEN	\$65,392	HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		C
		REMARKS: TAX LIEN				
SN661075	2021/02/10	TRANSFER OF CHARGE		GOLDEN HORSESHOE INVESTMENT INC	ORVITZ, STEVAN	C
		REMARKS: SN453043.				
SN669720	2021/04/16	TRANSFER OF CHARGE		ORVITZ, STEVAN	RA-TECH CAD SERVICES INC.	C
		REMARKS: SN453043 AND SN572732 SN453043, SN572732				
SN710500	2022/01/26	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	BDO CANADA LIMITED	C

APPENDIX “B”

GENERAL ASSUMPTIONS AND QUALIFICATIONS

Assumptions

For the purposes of the views expressed in the security review to which these general assumptions and qualifications are appended, we have made the following assumptions:

- (a) all signatures, including, without limitation, any electronic or digital signatures, are genuine, all documents submitted to us as originals are authentic, and all documents submitted to us as copies conform to authentic original documents;
- (b) that each of the documents provided to us was executed on the day appearing on each document as the date of the document or the date of execution;
- (c) the full legal capacity of those individuals signing any documents at all relevant times;
- (d) the documents and any amendments thereto that we have reviewed have not been otherwise amended or supplemented since execution;
- (e) other than as disclosed and discussed, no further registrations by the Lender were required to maintain perfected security interests under governing laws;
- (f) that the security interests granted by the Mortgages have attached;
- (g) the conduct of the parties to the documents has complied with any requirement of good faith, fair dealing and conscionability;
- (h) there are no agreements or understandings between any parties, written or oral, and there is no usage of trade or course of prior dealing between any parties that would, in either case, define, supplement or qualify the terms of the documents;
- (i) the accuracy and completeness of the records maintained by any office of public record;
- (j) that the funds purported to be advanced under and secured by the Mortgages have actually been advanced to the appropriate parties following or, as the case may be, in advance of the execution of the Mortgages and remain outstanding; and
- (k) there are no facts that would disentitle the Lender from relying on the “Indoor Management Rule” (if necessary and available under governing laws).

Qualifications

The views expressed in the security review to which these general assumptions and qualifications are appended are subject to the following qualifications:

- (a) the enforceability of the First Assignment, Second Assignment and the Mortgages may be limited by general principles of equity, and no opinion is given as to any specific remedy that may be granted, imposed or rendered (including equitable remedies such as specific performance and injunction);

- (b) no opinion is expressed as to title or the beneficial interest of any person in any property;
- (c) no opinion, other than expressly stated, is expressed regarding any security interests or registered or unregistered third-party claims which may rank in priority to the Lender's security interest;
- (d) no opinion, other than expressly stated, is expressed regarding the priority of the security interests discussed herein or their relative priority as between Ra-Tech and any other creditor of the Company; and
- (e) the enforcement of the First Assignment, Second Assignment and Mortgages and any other documents held by the Lender or any judgment arising out of or in connection therewith may be limited by bankruptcy, insolvency, winding-up, reorganization, limitation of action, moratorium, fraudulent conveyance, assignments and preferences, or other laws affecting creditors' rights generally.

TAB 2H

Crawley, Peter

From: Andy Ferri <Andyferri@outlook.com>
Sent: April 14, 2022 3:52 PM
To: Crawley, Peter; Phoenix, Graham
Cc: Paul Leon
Subject: FW: [EXT] 518 King Street - Update & Court Date on April 27 at 12:00noon

WITHOUT PREJUDICE

Dear Sir:

I have reviewed your request with our lawyer.

Here are the concerns:

Rubin is bringing a motion to set aside the judgment based on the fact that there are no monies owing. I would think that before King Street is sold this issue should be resolved.

Will there will an issue with Marshaling vis a vis Rubin?

Ra-Tech will require an indemnification from Liquid Capital for the following reasons:

The receivership was wrapped up in November 2021 save and except the issue with Rubin.

Liquid Capital was served with a Notice of Sale for the King Street Property on January 7, 2021.

A statement of claim was served on March 1, 2021 and wasn't defended.

Liquid Capital is sophisticated and had ample time to deal with this the Notice of Sale.

Liquid Capital filed material with the Court and put a value of \$600,000 on the King Street property.

Ra-Tech sold the property originally \$600,000 but there were about \$50,000 in repairs and damages. As a result Ra-Tech netted the repairs against the sale price and accepted \$550,000 as is. James Smith indicated there was \$100,000 in repairs and damages. I have no way of knowing if this is true.

After Ra-Tech sold the property Liquid Capital brought a motion to put the King Street property in receivership in an attempt to void the sale by Ra-Tech. This is sharp practice and high handed..

The purchaser has incurred legal fees, loan fees and has insured the property. He intends to file a claim against Ra-Tech if his purchase doesn't go through. Revel Reality also intends to bring a claim for their commission. Therefore Ra-Tech needs an indemnification agreement as they do not think Liquid Capital conducted this matter in good faith and they do not want to get caught in the middle of this.

I welcome your comments.

Andrew Ferri

905 325 0663

From: Crawley, Peter <pcrawley@bdo.ca>
Sent: Tuesday, April 12, 2022 10:43 AM
To: Andy Ferri <Andyferri@outlook.com>
Cc: Phoenix, Graham <gphoenix@loonix.com>
Subject: RE: [EXT] 518 King Street - Update & Court Date on April 27 at 12:00noon

Good morning Mr. Ferri,

I'm following up on my request below - do you have payout statements that you can send me for the two mortgages on 518 King that your company acquired?
We are applying to Court for approval of a sale and will also be seeking approval for the distribution of funds at closing, including payout of your mortgages (in full).

I have piecemeal information from prior motion records that speak to the terms of the two mortgages, and thus I can probably come up with a reasonable calculation, but it would be more appropriate (and customary) if you were to provide us with your calculations and per diem.
The approval hearing is scheduled for April 27th and we expect to close very quickly upon approval.

Thank you

Peter Crawley, MBA, CA, CPA, CIRP, LIT
Vice President, Business Restructuring & Turnaround Services
Financial Advisory Services
Direct: 289.678.0243

In response to the COVID-19 pandemic, we have temporarily closed our offices. BDO partners and employees are working from home and continue to deliver the highest level of service to our clients. To update your commercial electronic message preferences, please go to our [online subscription centre](#).

En réponse à la pandémie de COVID-19, nous avons fermé nos bureaux temporairement. Les associés et les employés

de BDO travaillent de la maison et offrent la plus haute qualité de service à nos clients. Pour mettre à jour vos préférences en matière de messages électroniques, veuillez vous rendre au [centre d'inscription en ligne](#).

From: Crawley, Peter
Sent: April 7, 2022 10:12 AM
To: Andy Ferri <Andyferri@outlook.com>
Cc: Phoenix, Graham <gphoenix@loonix.com>
Subject: FW: [EXT] 518 King Street - Update & Court Date on April 27 at 12:00noon

Good morning Mr Ferri,

Further to my counsel's advice below, I'm again writing to request the current payout statements, with per diem, for the two mortgages that Ra-Tech CAD Services Inc. holds on the subject property. Concurrent with seeking approval to sell 518 King pursuant to an accepted offer we have, we will also be seeking Court approval to distribute funds to payout the balances owing on the mortgages at closing.

Thank you

Peter Crawley, MBA, CA, CPA, CIRP, LIT
Vice President, Business Restructuring & Turnaround Services
Financial Advisory Services
Direct: 289.678.0243

From: Graham Phoenix
Sent: April 6, 2022 1:36 PM
To: 'Stewart Thom' <sthom@torkinmanes.com>; Gus Camelino <gcamelino@mcleankerr.com>; Paul Leon <pdleon@leonlaw.ca>; Andy Ferri <Andyferri@outlook.com>
Cc: Crawley, Peter <pcrawley@bdo.ca>
Subject: [EXT] 518 King Street - Update & Court Date on April 27 at 12:00noon

All:

By way of update, the Receiver has received and accepted an offer on the 518 King Street property and will seek Court approval of the same on April 27th at 12:00noon. The purchase price and the Receiver's information concerning valuation will remain sealed pending closing; however, the transaction will result in sufficient proceeds to payout proven amounts under the 1st and 2nd mortgage held by Mr. Ferri and a portion of proven amounts under the 3rd mortgage held by Liquid Capital.

At the same hearing, the Receiver anticipates seeking an order to distribute funds per legal priorities and authorizing its discharge.

You will get an invite to the court hearing shortly.

As well, the Receiver will be in touch with the mortgagees shortly to request updated payout statements. We ask that they be returned promptly.

You will receive motion materials in due course

Best regards,



R. Graham Phoenix*

Partner | Bankruptcy & Insolvency | Loopstra Nixon LLP

☎ 416.748.4776 | C: 416.558.4492 | F: 416.746.8319

✉ gphoenix@loonix.com | www.loopstranixon.com

135 Queens Plate Drive, Suite 600, Toronto, ON Canada M9W 6V7

*Practising as RGP Professional Corporation



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BDO est la marque utilisée pour désigner le réseau BDO et chacune de ses sociétés membres.

TAB 2I

Ra-Tech Cad Inc.
Summary of Mortgage Balances - 518 King St.

Prepared by BDO Canada Limited
For Discussion Purposes

Mortgage #1 - Golden Horseshoe Investments Inc.			
Balance owing as at:	02-Dec-19	\$ 226,310.44	per J.Greenhow Letter
per diem	\$ 44.95	7.25%	
Closing Date	2022-04-29		
accrued interest		24,650.86	compounding monthly
allocation of costs		9,138.81	
Total due as at	2022-04-29	\$ 260,100.11	A
Mortgage #2 - Stevan Orvitz			
Balance owing as at:	25-Jan-20	\$ 129,110.00	per Notice of Sale Under Mortgage
per diem	\$ 42.45	12%	
Closing date:	2022-04-29		
accrued interest		\$ 41,659.76	compounding monthly
allocation of costs		\$ 10,845.27	
Total due as at	2022-04-29	\$ 181,615.03	B
GRAND TOTAL		\$ 441,715.14	A + B

TAB 2J



April 7, 2022
File No. 06325-0009

VIA EMAIL (pcrawley@bdo.ca)

BDO Canada Ltd.
25 Main Street West – Suite 805
Hamilton, ON L8P 1H1
Attn: Peter Crawley

Dear Mr. Crawley:

Re: Review of mortgage security granted by David Taylor (“Taylor”) to Liquid Capital Exchange Corp. (the “Lender”)

At your request, we have reviewed the mortgage security granted by Taylor to the Lender in connection with a personal guarantee of certain funds that we understand were advanced by the Lender to 1635536 Ontario Inc. (operating as Versitec Marine) and Versitec Marine USA Inc. (collectively, “**Versitec**”). We undertake the analysis herein with a view to forming an opinion as to the enforceability of the security as against the real property owned by Taylor and known as 518 King Street, Port Colborne, Ontario and have property identification number (PIN) 64147-0014 (the “**Real Property**”).

This report is provided solely for the benefit of BDO Canada Ltd., in its capacity as court-appointed receiver (in such capacity, the “**Receiver**”), without security, over the Real Property, including all proceeds thereof, and may not be used or relied upon by any other person or for any other purpose without our prior express written consent.

The Guarantee

We have reviewed a copy of a continuing guarantee and postponement of claim and dated June 21, 2017 granted by Taylor in favour of the Lender (the “**Guarantee**”), which we have obtained from the Motion Record of the Lender dated January 18, 2022 and filed in respect of the motion by the Lender for an order appointing the Receiver. We assumed this copy to be a true copy of the same.

Pursuant to the Guarantee, Taylor guaranteed payment, upon demand, of all debts or liabilities, whether direct, indirect, contingent, or otherwise, present or future, matured or not that Versitec has incurred or may incur to the Lender, howsoever arising. The Guarantee is stated to be a continuing guarantee, without obligation on the part of the Lender to exhaust its recourse against any other person.

Woodbine Place, 135 Queens Plate Drive, Suite 600, Toronto, Ontario, Canada M9W 6V7
Tel: 416.746.4710 Fax: 416.746.8319 loopstranixon.com

LawExchange
INTERNATIONAL



The Guarantee appears to have been executed by Taylor and witnessed by an unknown party. We have assumed that Taylor had full capacity to execute the Guarantee and was not under any disability or duress when he executed the same; that value has been advanced by the Lender to Versitec and that Versitec remains indebted to the Lender; and, that the Guarantee represents a valid and subsisting obligation of the Taylor to the Lender.

The Mortgage Security

The security granted by the Taylor to the Lender in connection with the Guarantee comprises a charge/mortgage registered on title to the Real Property on May 3, 2019 (the "**Mortgage**").

We have reviewed a copy of the Mortgage, which we have obtained from the Motion Record of the Lender dated January 18, 2022 and filed in respect of a motion by the Lender for an order appointing the Receiver. We assumed this copy to be a true copy of the same.

Pursuant to the Mortgage, Taylor granted a charge/mortgage on the Real Property as collateral security for (i) all present and future indebtedness and liabilities of the Taylor under any continuing guarantee and postponement of claim agreement given by them to the Lender, or any renewal or replacement thereof; (ii) any forbearance agreement, or any renewal or replacement thereof, (iii) all present and future indebtedness and liabilities of the Taylor under any mortgage and security agreement, or any renewal or replacement thereof, and (iv) any other agreement under which the Taylor owes money to, or is indebted to the Lender, or the Taylor has provided a guarantee for the debt or obligation of a third party, together with interest and performance of each Taylor's other obligations under the Mortgage.

The Mortgage is in the principal amount of \$300,000, subject to Standard Charge Terms 200033. No independent interest rate is stated, however all costs of enforcement and recovery of collectable as principal under the Mortgage.

We have assumed that the Mortgage, and the registration thereof, was authorized by the appropriate person(s), within the capacity and scope of the authority of such person(s), and the Mortgage represents a valid and subsisting obligation of Taylor to the Lender.

Security Searches

A. Real Property Security

The Real Property, identified as the relevant real property for the purposes of this security review, comprises a single parcel of land. We have obtained and reviewed a parcel register in respect of the Real Property, a copy of which search is attached hereto as Appendix "A". The search discloses the following registration in respect of the Lender's interest:

- the Mortgage was registered on title to the Real Property on May 3, 2019, under instrument no. SN59370.



Such registration appears to be registered as the third-ranking charge against the Real Property.

In addition to the registrations in respect of the Lender's security interest, the search also discloses the following registrations:

- (*first*) a charge in favour of Golden Horseshoe Investment Inc., in the principal amount of \$235,000, registered on November 24, 2015 under instrument no. SN453043 and transferred to Stevan Orvitz on February 10, 2021, which transfer is registered under instrument no. SN661075, and transferred subsequently to Ra-Tech CAD Services Inc. on April 16, 2021, which transfer is registered under instrument no. SN669720 ; and
- (*second*) a charge in favour of Stevan Orvitz., in the principal amount of \$125,000, registered on November 21, 2018 under instrument no. SN57232 and transferred to Ra-Tech CAD Services Inc. on April 16, 2021, which transfer is registered under instrument no. SN669720.

We have assumed that the information contained in the title searches is correct, accurate and complete, and that the security interests in the Real Property are validly registered under prevailing laws and continues to be so registered as of the date hereof.

A copy of the parcel register search of the Real Property is attached hereto as Appendix "A".

B. Personal Property Security

We have not considered any personal property security as that is beyond the scope of the requested review and we understand that (i) the Receiver is not appointed over Taylor's personal property and (ii) the transaction for Real Property being pursued by the Receiver does not contemplate the sale or disposition of any of Taylor's personal property.

C. Bank Act Security

We have obtained a search certificate issued by the Authorized Section 427 Bank Act Registrar in respect of Taylor, dated April 1, 2022, which indicates that no "Notice of Intention to Give Security" under section 427 of the *Bank Act* (Canada) has been filed in respect of Taylor.

Assumptions and Qualifications

Specific Assumptions

- None.



General Assumptions and Qualifications

- In addition to such other assumptions and qualifications set out herein, our review is subject to the general assumptions and qualifications set out in Appendix "B" attached hereto.

Conclusion

Subject to the assumptions and qualifications above and those set out in the Appendix "B" hereto, it is our opinion that the mortgage security granted by Taylor to the Lender, as it concerns the Real Property, is valid and enforceable as of the date hereof.

If you require any further assistance or have any questions in respect of the matters discussed herein, please do not hesitate to contact us.

Yours very truly,

A handwritten signature in blue ink that reads "Loopstra Nixon LLP".

LOOPSTRA NIXON LLP

Encl.



LOOPSTRA NIXON LLP
BARRISTERS AND SOLICITORS

APPENDIX "A"
PARCEL REGISTER
(see attached)

PROPERTY DESCRIPTION: PT BLK F PL 775 W/S VICTORIA ST & PT LT 1 PL 777, PTS 1 & 2 59R5190 EXCEPT PT 1, 59R11601 & PT 1, 59R14873; T/W R0525634; CITY OF PORT COLBORNE

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:

DIVISION FROM 64147-0095

PIN CREATION DATE:

2014/01/20

OWNERS' NAMES

TAYLOR, DAVID

CAPACITY SHARE

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2014/01/20 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES *						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 1999/01/18 **						
RO436081	1985/09/21	BYLAW				C
59R5190	1987/02/13	PLAN REFERENCE				C
SN292467	2010/09/09	TRANSFER		*** DELETED AGAINST THIS PROPERTY *** WICKENS, LYNDA JEAN	MELANSON, STEWART JAMES	
REMARKS: PLANNING ACT STATEMENTS						
SN292468	2010/09/09	CHARGE		*** DELETED AGAINST THIS PROPERTY *** MELANSON, STEWART J.	THE BANK OF NOVA SCOTIA	
SN304038	2011/01/20	NOTICE		*** DELETED AGAINST THIS PROPERTY *** MELANSON, STEWART J.	THE BANK OF NOVA SCOTIA	
REMARKS: AGREEMENT AMENDING CHARGE SN292468						
SN453042	2015/11/24	TRANSFER	\$292,490	MELANSON, STEWART JAMES	TAYLOR, DAVID	C
SN453043	2015/11/24	CHARGE	\$235,000	TAYLOR, DAVID	GOLDEN HORSESHOE INVESTMENT INC	C

NOTE: ADJOINING PROPERTIES SHOULD BE INVESTIGATED TO ASCERTAIN DESCRIPTIVE INCONSISTENCIES, IF ANY, WITH DESCRIPTION REPRESENTED FOR THIS PROPERTY.
NOTE: ENSURE THAT YOUR PRINTOUT STATES THE TOTAL NUMBER OF PAGES AND THAT YOU HAVE PICKED THEM ALL UP.

LAND
REGISTRY
OFFICE #59

64147-0114 (LT)

PREPARED FOR Shannon1
ON 2022/04/01 AT 14:37:01

* CERTIFIED IN ACCORDANCE WITH THE LAND TITLES ACT * SUBJECT TO RESERVATIONS IN CROWN GRANT *

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
SN455197	2015/12/14	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE BANK OF NOVA SCOTIA		
		REMARKS: SN292468. SN304038				
SN502443	2017/03/03	CHARGE		*** COMPLETELY DELETED *** TAYLOR, DAVID	633561 ONTARIO LIMITED	
SN572732	2018/11/21	CHARGE	\$125,000	TAYLOR, DAVID	ORVITZ, STEVAN	C
SN572783	2018/11/22	DISCH OF CHARGE		*** COMPLETELY DELETED *** 633561 ONTARIO LIMITED		
		REMARKS: SN502443.				
SN587591	2019/05/03	CHARGE	\$300,000	TAYLOR, DAVID	LIQUID CAPITAL EXCHANGE CORP	C
SN593701	2019/07/02	LIEN	\$65,392	HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		C
		REMARKS: TAX LIEN				
SN661075	2021/02/10	TRANSFER OF CHARGE		GOLDEN HORSESHOE INVESTMENT INC	ORVITZ, STEVAN	C
		REMARKS: SN453043.				
SN669720	2021/04/16	TRANSFER OF CHARGE		ORVITZ, STEVAN	RA-TECH CAD SERVICES INC.	C
		REMARKS: SN453043 AND SN572732 SN453043, SN572732				
SN710500	2022/01/26	APL COURT ORDER		ONTARIO SUPERIOR COURT OF JUSTICE	BDO CANADA LIMITED	C

APPENDIX “B”

GENERAL ASSUMPTIONS AND QUALIFICATIONS

Assumptions

For the purposes of the views expressed in the security review to which these general assumptions and qualifications are appended, we have made the following assumptions:

- (a) all signatures, including, without limitation, any electronic or digital signatures, are genuine, all documents submitted to us as originals are authentic, and all documents submitted to us as copies conform to authentic original documents;
- (b) that each of the documents provided to us was executed on the day appearing on each document as the date of the document or the date of execution;
- (c) the full legal capacity of those individuals signing any documents at all relevant times;
- (d) the documents and any amendments thereto that we have reviewed have not been otherwise amended or supplemented since execution;
- (e) other than as disclosed and discussed, no further registrations by the Lender were required to maintain perfected security interests under governing laws;
- (f) that the security interests granted by the Mortgage have attached;
- (g) the conduct of the parties to the documents has complied with any requirement of good faith, fair dealing and conscionability;
- (h) there are no agreements or understandings between any parties, written or oral, and there is no usage of trade or course of prior dealing between any parties that would, in either case, define, supplement or qualify the terms of the documents;
- (i) the accuracy and completeness of the records maintained by any office of public record;
- (j) that the funds purported to be advanced to Versitec and payable on demand under the Guarantee and secured by the Mortgage have actually been advanced to the appropriate parties following or, as the case may be, in advance of the execution of the Guarantee and remain outstanding; and
- (k) there are no facts that would disentitle the Lender from relying on the “Indoor Management Rule” (if necessary and available under governing laws).

Qualifications

The views expressed in the security review to which these general assumptions and qualifications are appended are subject to the following qualifications:

- (a) the enforceability of the Guarantee and the Mortgage may be limited by general principles of equity, and no opinion is given as to any specific remedy that may be granted, imposed or rendered (including equitable remedies such as specific performance and injunction);

- (b) no opinion is expressed as to title or the beneficial interest of any person in any property;
- (c) no opinion, other than expressly stated, is expressed regarding any security interests or registered or unregistered third-party claims which may rank in priority to the Lender's security interest;
- (d) no opinion, other than expressly stated, is expressed regarding the priority of the security interests discussed herein or their relative priority as between the Lender and any other creditor of the Company; and
- (e) the enforcement of the Guarantee, the Mortgage and any other documents held by the Lender or any judgment arising out of or in connection therewith may be limited by bankruptcy, insolvency, winding-up, reorganization, limitation of action, moratorium, fraudulent conveyance, assignments and preferences, or other laws affecting creditors' rights generally.

TAB 2K

The applicant(s) hereby applies to the Land Registrar.

yyyy mm dd Page 1 of 2

Properties

PIN 64147 - 0114 LT
Description PT BLK F PL 775 W/S VICTORIA ST & PT LT 1 PL 777, PTS 1 & 2 59R5190 EXCEPT PT
 1, 59R11601 & PT 1, 59R14873; T/W RO525634; CITY OF PORT COLBORNE
Address 518 KING STREET
 PORT COLBORNE

Claimant(s)

Name HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL
 REVENUE
Address for Service CANADA REVENUE AGENCY
 5800 HURONTARIO STREET
 MISSISSAUGA, ONTARIO
 L5R 4B4

This document is not authorized under Power of Attorney by this party.

This document is being authorized by a representative of the Crown.

Statements

Schedule: See Schedules

Signed By

Jagtar Plaha	5800 Hurontario Street Mississauga L5A 4E9	acting for Applicant(s)	Signed	2019 07 02
--------------	--	----------------------------	--------	------------

Tel 905-566-6157

Fax 905-615-2349

I have the authority to sign and register the document on behalf of the Applicant(s).

Submitted By

CANADA REVENUE AGENCY	5800 Hurontario Street Mississauga L5A 4E9	2019 07 02
-----------------------	--	------------

Tel 905-566-6157

Fax 905-615-2349

Fees/Taxes/Payment

<i>Statutory Registration Fee</i>	\$64.40
<i>Total Paid</i>	\$64.40

File Number

Claimant Client File Number : ITA-3434-19

NOTICE OF LIEN PURSUANT TO SUBSECTION 223(5) AND (6) OF THE INCOME TAX ACT

CONSIDERATION:\$65,392.45

WHEREAS pursuant to subsection 223(2) and (3) of the Income Tax Act, any amount payable or any part of the amount payable by a tax debtor (the amount) and that amount remains unpaid the amount may be certified by the Minister of National Revenue and registered in the Federal Court of Canada (the Court) at which point the certificate is deemed to be a judgment against the tax debtor;

WHEREAS pursuant to subsection 223(5) and (6) of the Income Tax Act, a document which the Court has issued, and which evidences a certificate of that Court upon registration on title or otherwise recorded creates a charge, lien or priority on, or a binding interest in property that the tax debtor holds;

AND WHEREAS DAVID TAYLOR is indebted to the Minister of National Revenue for income taxes and other amounts totalling \$65,392.45 at the date of issuance of the Certificate in Court File Number ITA-3434-19 by the Court, together with interest at such rate or rates as determined from time to time by Section 161 of the Income Tax Act;

AND WHEREAS DAVID TAYLOR has an interest in the lands described in this notice.

NOW THEREFORE TAKE NOTICE that HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE claims a lien and charge against the interest of DAVID TAYLOR in the lands described in this notice.

Such lien charges have priority over all encumbrances or claims registered or attaching to the subject property subsequent to the registration of this notice.

TAB 2L

Court File No. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC
MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN
BYRD and DAVID CARPENTER

Respondents

AFFIDAVIT OF PETER K. CRAWLEY

(sworn April 18, 2022)

I, Peter K. Crawley, of the City of Burlington in the Province of Ontario,

MAKE OATH AND SAY:

1. I am a Vice President of BDO Canada Limited ("BDO"), Court appointed receiver (the "Receiver") of 1635536 Ontario Inc. o/a Versitec Marine & Industrial, Versitec Marine USA Inc. and real property located at 518 King Street, Port Colborne, Ontario (the "Taylor Property"), and as such have knowledge of the matters hereinafter deposed.
2. The Receiver was appointed receiver of the Taylor Property pursuant to an order of the Honourable Madam Justice Dietrich and subsequently amended by the Honourable Mr. Justice Cavanagh dated January 24, 2022 (the "Property Receivership Order").
3. Pursuant to paragraphs 16 to 18 of the Property Receivership Order, the Receiver and its legal counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, unless


otherwise ordered by the Court, and are required to pass their accounts from time to time.

- 4. I confirm the amount of \$18,794.79 accurately reflects the time charges, fees and disbursements (inclusive of H.S.T.) incurred by the Receiver relating to its appointment for the period January 14, 2022 to April 7, 2022. Total hours incurred during the period are 41.1 resulting in an average hourly rate of \$402.62.
- 5. Attached hereto as **Exhibit "A"** is a true copy of the invoice rendered by BDO in its capacity as Receiver during the period.
- 6. The hourly billing rates set out in the Receiver's accounts are the normal hourly rates charged by the Receiver for services rendered in relation to similar proceedings.
- 7. I consider the amounts disclosed for the Receiver's fees and expenses to be fair and reasonable considering the circumstances connected with this administration.
- 8. This Affidavit is made in support of a motion to, *inter alia*, approve the attached accounts of BDO, together with the fees and disbursements detailed therein.

SWORN before me by video conference from the City of Burlington, Ontario to the City of Hamilton, Ontario on this 18th day of April, 2022

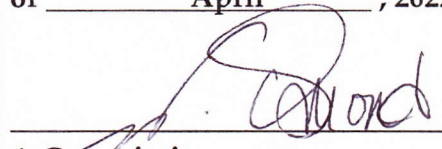


Commissioner for Taking Affidavits

)
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)
)
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Peter K. Crawley

Exhibit "A"

This is Exhibit "A" to the Affidavit
of Peter K. Crawley
Sworn before me this 18th day
of April , 2022

A Commissioner, etc.

Nicole Marie Ormond, a Commissioner, etc.,
Province of Ontario, for BDO Canada Limited.
Expires August 21, 2024.



Tel: 905-524-1008
 Fax: 905-570-0249
 www.bdo.ca

BDO Canada Limited
 25 Main Street West, Suite 805
 Hamilton ON L8P 1H1 Canada

INTERIM INVOICE

Liquid Capital Exchange Corp.
 Re: 1635536 Ontario Inc. o/a Versitec Marine & Industrial
 4 Stonebridge Drive, Unit 4
 Port Colborne, ON L3K 5V5

Date	Client No.	Invoice No.
April 14, 2022	518 King Street	CINV1675498

TO PROFESSIONAL SERVICES RENDERED in connection with the Receivership of 518 King Street for the period commencing January 14, 2022 to April 7, 2022 inclusive per the attached detail:

Vice-President

P. Crawley	36.30	\$ 15,427.50
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Staff

S. Murphy	0.30	45.00
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S. Rickards	0.50	75.00
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Z. Fennema	4.00	1,000.00
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	<u>41.10</u>	<u>16,547.50</u>
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HST on BDO fees		<u>2,151.18</u>
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Total		<u>18,698.68</u>
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Disbursements

Mileage Fees		85.06
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HST on mileage fees		<u>11.06</u>
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Total disbursements		<u>96.12</u>
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Amount Due		<u>\$ 18,794.79</u>
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H.S.T. #R101518124

Term

s:

Net 30 days.

Interest at 1% per month (12.68% per annum calculated monthly) charged on accounts over 30 days.

14-Jan-22	Peter Crawley	\$ 425.00	1.50	\$	637.50	Correspond with Counsel re: pending receivership application over Taylor's house; research QuickBooks accounting records; call with J. Brindley to discuss approach to mortgage realization; preliminary calls to bailiffs to discuss process.
18-Jan-22	Peter Crawley	\$ 425.00	0.60	\$	255.00	Prepare updated R&D to verify funds on hand available for further receivership work on behalf of LCX.
19-Jan-22	Peter Crawley	\$ 425.00	1.50	\$	637.50	Review LCX motion record; review correspondence with A. Ferri; respond to S.Thom with comments on order requirements; call with Niagara area realtor about drive-by opinion of value requirement; planning for taking possession with ZF.
20-Jan-22	Peter Crawley	\$ 425.00	1.00	\$	425.00	Calls to 2 insurance brokers about insuring 518 King - left voicemails; prepare insurance survey form for FCA coverage; review appraisal and affidavit of J.Brindley.
21-Jan-22	Peter Crawley	\$ 425.00	0.50	\$	212.50	Review supplemental motion record filed by LCX; correspond with A. Price at Youngs re: insurance of property; correspond with Counsel;
24-Jan-22	Peter Crawley	\$ 425.00	1.70	\$	722.50	Review draft order and provide comments to Counsel; prepare for and attend Court Hearing; prepare letters to P. Leon and occupant; call with insurer re: coverages needed; instruct ZF to research severance issues; call from J.Brindley.
25-Jan-22	Peter Crawley	\$ 425.00	2.50	\$	1,062.50	Finalize and send letters to A. Ferri/, J. Smith; calls with realtors re: valuation; call with J. Smith re: mandate; letter to Lockview Ventures; discussions with S.Thom; discussion with L. Delisio.
26-Jan-22	Peter Crawley	\$ 425.00	2.00	\$	850.00	Call with J. Smith to discuss circumstances surrounding D. Taylor's departure from 518 King, his agreement of purchase and sale, and his communications with other mortgagees; discuss circumstances with D. Taylor; instruct Counsel to register Order on title; review and sign registration documents; discuss PIN register and PIN map with realtor; instruct ZF on querying City of Port Colborne; follow-up email to /; follow-up email to D. Continelli/L. Delisioi; emails from P. Leon and ; consider and respond.
27-Jan-22	Peter Crawley	\$ 425.00	1.50	\$	637.50	To review of emails received from and ; correspond with Counsel re same; attend at 518 King to obtain keys and discuss occupancy with J. Smith; call with Counsel re: occupancy situation; subsequent call from occupant to discuss next steps.
31-Jan-22	Peter Crawley	\$ 425.00	1.50	\$	637.50	Review opinions of value and selling approach received from realtors; discuss process with Counsel; call with J. Smith to discuss an offer process; call from L. Delisio to discuss status of aps between Radtech and Lockview; research heritage implications on house; review expired insurance certificate for coverages and request increase from FCA.
1-Feb-22	Peter Crawley	\$ 425.00	0.60	\$	255.00	Respond to ; further review of prior insurance certificate, Heritage rules, and call with A. Coluccio of FCA to discuss appropriate insurance coverages.

2-Feb-22	Peter Crawley	\$ 425.00	1.00	\$	425.00	Correspond with A. Price re: insurance policy that was in place and then cancelled; respond to A. Ferri; update call with J.Brindley.
3-Feb-22	Peter Crawley	\$ 425.00	0.10	\$	42.50	Review and respond to email from re: provision of copy of Order.
4-Feb-22	Peter Crawley	\$ 425.00	0.20	\$	85.00	Prepare and send insurance change form to re: increasing insured value.
7-Feb-22	Peter Crawley	\$ 425.00	1.00	\$	425.00	Follow-up with J. Smith on status of his offer; Calls with Carlo G. re: authority to sell; various emails with J.Brindley and S.Thom; texts from D. Taylor.
15-Feb-22	Peter Crawley	\$ 425.00	0.20	\$	85.00	Respond to J. Smith email; update call with J.Brindley.
16-Feb-22	Peter Crawley	\$ 425.00	0.30	\$	127.50	Review and respond to email from L. Delisio; send update request to J. Smith; attend to paying insurance premium and receipt of confirmation of increased coverage limit.
17-Feb-22	Peter Crawley	\$ 425.00	0.10	\$	42.50	Follow-up with J. Smith on status of his offer.
18-Feb-22	Peter Crawley	\$ 425.00	1.00	\$	425.00	Discus Smith offer status and severance application with S.Thom; seek advice of Counsel re: same; draft letter to J. Smith.
22-Feb-22	Peter Crawley	\$ 425.00	0.50	\$	212.50	Provide update to LCX; correspond with Counsel re: communication to J. Smith and send same to Smith.
24-Feb-22	Peter Crawley	\$ 425.00	0.50	\$	212.50	Review draft letter to ; text received from J. Smith re: offer progress; correspond with Counsel.
25-Feb-22	Peter Crawley	\$ 425.00	0.10	\$	42.50	Obtain from FCA and provide insurance cert to A. Ferri.
28-Feb-22	Peter Crawley	\$ 425.00	0.50	\$	212.50	Review update on severance process requirements and timeline from Counsel; discuss same with Counsel to LCX; arrange payment of insurance premium.
1-Mar-22	Peter Crawley	\$ 425.00	0.10	\$	42.50	Follow-up with James Smith on status of his offer.
2-Mar-22	Peter Crawley	\$ 425.00	0.20	\$	85.00	Discuss severance process and receive instructions from S.Thom to commence same now; discuss J. Smith occupancy issues.
4-Mar-22	Peter Crawley	\$ 425.00	0.50	\$	212.50	Review property value opinions; call with J. Carver re: valuation with severance started; email S.Thom to confirm discussion.
7-Mar-22	Peter Crawley	\$ 425.00	0.10	\$	42.50	Correspondence with J. Smith.
14-Mar-22	Peter Crawley	\$ 425.00	1.50	\$	637.50	Update Versitec receivership R&D to verify funds on-hand to address 518 King; text, call and email to J. Smith; message to Carlo G.
15-Mar-22	Peter Crawley	\$ 425.00	1.50	\$	637.50	Call with J. Smith; update LCX; discussion with S.Thom; review opinions of value and further update LCX; prepare ENRV schedule; calculate estimated mortgage payouts.
16-Mar-22	Peter Crawley	\$ 425.00	1.50	\$	637.50	Review draft amended order and provide comments to Counsel; request payout figures from ; review and attempt to reconcile payout calculations provided to LCX by A. Ferri; discuss adjournment issues with Counsel.
17-Mar-22	Peter Crawley	\$ 425.00	0.30	\$	127.50	Review emails concerning amended Order; review correspondence between Counsel and re: same.
21-Mar-22	Peter Crawley	\$ 425.00	0.60	\$	255.00	Receipt and review of J Cavanagh's order and endorsement; calls to J. Smith; respond to query from Counsel; call with S.Thom;

22-Mar-22	Peter Crawley	\$ 425.00	0.40	\$	170.00	Request call with J. Smith re: queries from J.Brindley; update to LCX; call with J. Smith; further update to LCX.
23-Mar-22	Peter Crawley	\$ 425.00	0.20	\$	85.00	Update to J.Brindley; send account details to J. Smith for wiring deposit.
24-Mar-22	Peter Crawley	\$ 425.00	0.70	\$	297.50	Follow-up with J. Smith on status of outstanding offer; send query to realtor about valuation and market conditions; correspond with Counsel re: booking court time for sale approval or other necessary relief.
25-Mar-22	Peter Crawley	\$ 425.00	2.50	\$	1,062.50	Correspond with J. Smith re: mortgage commitments; call with G. Neuman to confirm mortgage funding availability and likely closing date; update S.Thom and G. Phoenix; commence 5th report preparation.
28-Mar-22	Peter Crawley	\$ 425.00	0.50	\$	212.50	Correspond with J. Smith re: offer status; update call with J.Brindley.
29-Mar-22	Peter Crawley	\$ 425.00	0.10	\$	42.50	Approve insurance premium invoice and arrange payment.
30-Mar-22	Peter Crawley	\$ 425.00	0.50	\$	212.50	Review text update from J. Smith; send same to Counsel for discussion; respond to J. Smith with BDO position.
31-Mar-22	Peter Crawley	\$ 425.00	1.50	\$	637.50	Prepare and send updated R&D to J.Brindley along with prior Receiver's R&D; calls from J. Smith and C. Gualtieri re: terms of offer; receipt and review of offer; send changes to purchaser; update LCX on receipt of offer and terms and seek approval.
1-Apr-22	Peter Crawley	\$ 425.00	1.20	\$	510.00	Calls to building and planning departments at City of Port Colborne to ascertain if outstanding work orders exist on the property; notify purchaser of findings; discuss same with Counsel and how to resolve; receipt and review of signed offer.
4-Apr-22	Peter Crawley	\$ 425.00	0.50	\$	212.50	Review and sign APS; arrange witnessing by N. Ormond.
5-Apr-22	Peter Crawley	\$ 425.00	0.70	\$	297.50	Resign accepted offer and correct date; correspond with Purchaser's Counsel re: timing of deposit; send accepted offer to Purchaser; instruct staff to verify receipt of deposit; correspond with Counsel re: relief to be sought at approval hearing.
6-Apr-22	Peter Crawley	\$ 425.00	0.10	\$	42.50	Correspond with Purchaser's Counsel re: status of deposit;
7-Apr-22	Peter Crawley	\$ 425.00	0.70	\$	297.50	Discuss Ra-Tech mortgage security review with Counsel; re-request payout figures from Ra-Tech; query J. Smith on rent paid; review mortgage security opinions.
			36.30	\$	15,427.50	
23-Feb-22	Sherri Murphy	\$ 150.00	0.30	\$	45.00	WIP review, email to Peter for review.
20-Jan-22	Susan Rickards	\$ 150.00	0.50	\$	75.00	Set up project for Versitec Receivership
20-Jan-22	Zack Fennema	\$ 250.00	0.40	\$	100.00	- Call locksmith and report on pricing - Retrieve Taking Possession checklist and print

27-Jan-22	Zack Fennema	\$ 250.00	3.10	\$ 775.00	- Drive to and from property location - Meet current tenant on property and review circumstances - Take pictures of property
28-Jan-22	Zack Fennema	\$ 250.00	0.50	\$ 125.00	- Upload site picture to H drive for realtor's review
			4.00	\$ 1,000.00	

TAB 2M

Court File No. CV-20-00637427-00CL

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

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

**1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC
MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR,
REUBEN BYRD and DAVID CARPENTER**

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO 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

**AFFIDAVIT OF SARAH WHITE
(Affirmed April 18, 2022)**

I, **SARAH WHITE**, of the City of Toronto, in the Province of Ontario, **AFFIRM
AND SAY:**

1. I am a lawyer at the law firm Loopstra Nixon LLP (“**Loopstra Nixon**”), counsel to BDO Canada Limited. in its capacity as the Court-appointed receiver (the “**Receiver**”) of the lands and premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the “**Real Property**”) owned by David Taylor (the “**Debtor**”). Accordingly, I have knowledge of matters hereinafter deposed to.

2. Attached hereto and collectively marked as **Exhibit “A”** is a true copy of the Statement of Account issued by Loopstra Nixon in respect of services rendered to the Receiver for the period from January 7, 2022, through March 31, 2022 (the “**Billing Period**”). During the

Billing Period, the total fees and disbursements billed were \$11,117.00 and \$180.55, respectively, and applicable taxes of \$1,460.06 for an aggregate amount of \$12,757.61.

3. As set out in the following table, 19.20 hours were billed by Loopstra Nixon during the Billing Period, resulting in an average hourly rate of \$579.01 (exclusive of applicable taxes):

Name of Professional	Total Hours	Hourly Rate(s) (\$)
R. Graham Phoenix (2006)	14.20	\$635
Brendan P. Ruddick (2016)	2.80	\$550
Shannon MacKinnon (Law Clerk)	1.90	\$275
Amanda Adamo (Law Clerk)	0.30	\$125

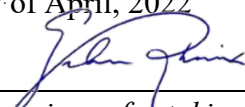
4. I confirm that the activities detailed in the Statement of Account attached hereto as Exhibit "A" accurately reflect the services provided by Loopstra Nixon; and, that the rates charged are the standard hourly rates for each such professional at the time that such charges were incurred.

5. In connection with the within account, Loopstra Nixon has been paid nil (\$0.00) and holds nil (\$0.00) on retainer in trust.

6. In respect of services provided after the Billing Period but unbilled and in anticipation of services to be provided through the end of the Receiver's mandate, including reviewing the first, second and third mortgage security, preparing for and conducting the within motion and closing of the proposed transaction on behalf of the Receiver, Loopstra Nixon estimates a fee accrual not more than \$12,500 plus taxes and disbursements (the "**Fee Accrual**") to complete the same.

7. I affirm this affidavit in support of a motion for, *inter alia*, approval of the fees and disbursements of Loopstra Nixon, including the Fee Accrual detailed herein and for no other reason or improper purpose.

AFFIRMED BEFORE ME at the)
City of Toronto, in the)
Province of Ontario, this)
18th day of April, 2022)

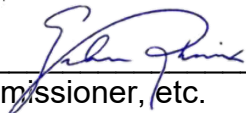


A Commissioner for taking affidavits, etc.



SARAH WHITE

This is Exhibit "A" referred to in the Affidavit of Sarah White affirmed before me this 18th day of April, 2022.

A handwritten signature in blue ink, appearing to read "John Jones", is written over a horizontal line.

A Commissioner, etc.



April 11, 2022

R. Graham Phoenix
Direct Line: 416.748.4776
Email: gphoenix@loonix.com
RGP Professional Corporation

CONFIDENTIAL

BDO Canada Limited
25 Main Street West, Suite 805
Hamilton, ON
L8P 1H1

Matter No. 06325-0009

Attention: Peter Crawley

RE: Receivership of Versitec (1635536 Ontario Inc.)

Please find enclosed herewith our Statement of Account for services rendered with regard to the above-noted matter to and including March 31, 2022 which we trust you will find satisfactory.

If you have any questions, please contact the undersigned.

Yours truly,

LOOPSTRA NIXON LLP
Per:

R. Graham Phoenix
Encl.



April 11, 2022

Invoice No. 110421

Matter No. 06325-0009

BDO Canada Limited
25 Main Street West, Suite 805
Hamilton, ON
L8P 1H1

Attention: Peter Crawley

RE: Receivership of Versitec (1635536 Ontario Inc.)

STATEMENT OF ACCOUNT

TO OUR FEE FOR PROFESSIONAL SERVICES rendered in connection with the above-noted matter through to March 31, 2022.

OUR FEE	\$11,117.00
HST on Fees @ 13%	\$1,445.21

DISBURSEMENTS:

Total Disbursements	\$180.55
HST on Disbursements	\$14.85

Total Fees, Disbursements and HST	<u>\$12,757.61</u>
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The above account represents a summary of the professional services rendered to you, and this firm reserves the right to provide further particulars of our professional services rendered in the event the same is required or requested.

THIS IS OUR STATEMENT OF ACCOUNT HEREIN

LOOPSTRA NIXON LLP

Per:

R. Graham Phoenix
RGP/cks

In accordance with the Solicitor's Act, interest will be charged on this account until paid, at the rate of 2.0% per annum, commencing one month after delivery, E. & O.E. * HST No. 122610298RT0001



PRIVILEGED AND CONFIDENTIAL
Billing Detail Report to 31-Mar-2022

April 11, 2022

Invoice No. 110421

BDO Canada Limited
25 Main Street West, Suite 805
Hamilton, ON
L8P 1H1

Matter No. 06325-0009

Attention: Peter Crawley

RE: Receivership of Versitec (1635536 Ontario Inc.)

FEES

<u>Date</u>	<u>Narrative</u>	<u>Professional</u>	<u>Time</u>
07-Jan-2022	Review Byrd. Notice fo Appearance. Emails with Recieve re: possibel issues.	RGP	0.10
10-Jan-2022	Review responding record of R. Byrd. Emails with Receiver.	RGP	0.50
13-Jan-2022	Call with counsel to LCX re: scheduling. Call with receiver re: same.	RGP	0.40
14-Jan-2022	Attend on scheduleing matter. Emails with receiver re: extended appointment. Call with S. Thom re: same and request for information.	RGP	0.70
19-Jan-2022	Review motion materials re: expanded receivership. Emails with counsel to LCX. Emails with receiver re: same.	RGP	1.20
20-Jan-2022	Review draft supplementary affidavit of LCX.	RGP	0.50
21-Jan-2022	Review supplemental affdiavit and correspondence re: same. Email to receiver re: publication	RGP	0.50
24-Jan-2022	Preparation for (incl. review of order) and attend on applicatino for receiver appointment. Post-hearing call with Receiver and counsel to LCX. Review and comment on receiver notices to "tenant" and counsel to Ferri.	RGP	1.70
25-Jan-2022	Emails with receiver re: correspondence and next steps.	RGP	0.40
26-Jan-2022	Comments to receiver re: correspondence to persons re: documents. Directions to clerk. Review PIN and property diagrams. Call with counsel to LCX. Directions to clerk and municipal group re: severance analysis.	RGP	0.60



26-Jan-2022	To pulling parcel register, parcel map and abutting lands; to review of R-Plan, correspondence from BDO; to correspondence re: same; to receipt and review of Order; to preparing Application to Register Court Order and Acknowledgement and Direction; to correspondence re: same; to attendances re: registration; to correspondence re: title, severance matters; to further correspondence;	SJM	1.20
27-Jan-2022	Emails and call with real estate and municipal group re: severance issues. Emails with Receiver re: various dealings with individuals and request of information.	RGP	0.50
27-Jan-2022	To review of title documents; To correspondence re severance possibility; To correspondence with S. MacKinnon and G. Phoenix re further title searches required	BXR	0.80
27-Jan-2022	To correspondence re: severance inquiry; to completing further property searches; to correspondence re: same;	SJM	0.40
28-Jan-2022	Emails and call with Receiver re: sale agreements, etc.	RGP	0.40
31-Jan-2022	To review of additional title documents; To correspondence with S. MacKinnon and G. Phoenix	BXR	0.30
31-Jan-2022	To further pulling instruments on title; to correspondence re: same;	SJM	0.30
04-Feb-2022	To review of title documents; To review of plannign act provisions; To preparing summary of transactions; To correspondence with M. Joblin and telephoen call with same; To correspondence with J. Cortellucci and telephone call with same; To telephone call with G. Phoenix	BXR	1.00
18-Feb-2022	Emails with Reciever and Munic Law Group re: sevarance and tenant issues.	RGP	0.20
18-Feb-2022	To correspondence with G. Phoenix	BXR	0.20
22-Feb-2022	Emails re: registraiton of receivership order and concerns re: 518. Update to Receiver re: severance application.	RGP	0.20
24-Feb-2022	Emails with Receiver and counsel to LCX re: Ferri PoS. Draft and send email to counsel to A Ferri re: stay.	RGP	0.60
24-Feb-2022	To review of Port Colborne planning documents and procedures re consent and minor variances; to review of zbl; To correspondence to G. Phoenix	BXR	0.50
24-Feb-2022	To format letter to P. Leon.	AMA	0.10
24-Feb-2022	To send correspondence to Mr. Leon via email	AMA	0.10



28-Feb-2022	Emails and call with counsel to Messenger.	RGP	0.50
08-Mar-2022	To creating cover page for electronic closing book.	AMA	0.10
16-Mar-2022	Emails and calls with counsel to LCX. Calls with receiver. Review draft order. Email to service list re: same.	RGP	1.10
17-Mar-2022	Attend on case conference re: priority of charge issue. REvised order. Circulate same to service list (rejected by Ferri). Draft endorsement and submit to court (granted)	RGP	1.30
18-Mar-2022	Emails with Receiver.	RGP	0.10
21-Mar-2022	Email with Receiver re: update. Emails with court re: hearing date.	RGP	0.30
24-Mar-2022	Call with Receiver and draft email re: vacating property. Email with Court re: hearing date.	RGP	0.80
25-Mar-2022	Emails with court office re: hearing date. Emails with purchasers lawyer re: OREA schedule and "as is, where is" nature of deal.	RGP	0.80
28-Mar-2022	Emails with Court re: court date. Call with Receiver. Call to counsel to LCX.	RGP	0.20
31-Mar-2022	Review and comment on draft APS. Draft revisions to same. Call with Receiver.	RGP	0.60
OUR FEE			\$11,117.00

<u>Time Summary</u>	<u>Hours</u>
Amanda Adamo	0.30
Brendan P. Ruddick	2.80
R. Graham Phoenix	14.20
Shannon MacKinnon	1.90
Total hours:	19.20

<u>DISBURSEMENTS</u> (E=HST exempt)	Amount
Abstract Search	88.20
Courier	15.00
Registration (E)	66.30
Teraview Fee	11.05
Total Disbursements	\$180.55

LIQUID CAPITAL EXCHANGE CORP.**-and-****1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL, et al.***Applicant**Respondents*

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

Proceedings commenced at TORONTO

AFFIDAVIT OF FEES

LOOPSTRA NIXON LLP

135 Queens Plate Drive – Suite 600
Toronto, ON M9W 6V7

R. Graham Phoenix (LSO No.: 52650N)

t: (416) 748-4776

f: (416) 746-8319

e: gphoenix@loonix.com

Sarah White (LSO No.: 82985M)

t: (416) 748-6545

e: swhite@loonix.com

*Lawyers for the Receiver, BDO Canada
Limited*

TAB 3

Revised: January 21, 2014

Court File No. CV-20-00637427-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE _____) WEEKDAY, THE #
JUSTICE CAVANAGH) WEDNESDAY, THE 27th
DAY OF MONTH, 20YR APRIL, 2022

BETWEEN:

PLAINTIFF

LIQUID CAPITAL EXCHANGE CORP.

- and -

DEFENDANT

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

APPLICATION UNDER SECTION 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

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APPROVAL AND VESTING ORDER

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THIS MOTION, made by ~~[RECEIVER'S NAME]~~BDO Canada Limited., in its capacity as the Court-appointed receiver (the "Receiver") of the ~~undertaking, property and assets of [DEBTOR]~~lands and premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the "Real Property") owned by David Taylor (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by ~~an agreement of a~~ purchase and sale agreement (the "Sale Agreement") between the Receiver and ~~[NAME OF PURCHASER]~~James Christopher Smith (the "Purchaser") dated ~~[DATE]~~March 31, 2022 and accepted April 5, 2022, and appended to the fifth Report of the Receiver dated ~~[DATE]~~April 18, 2022 (the "Report"), and the confidential appendices thereto (the "Confidential Appendices"), and vesting in the Purchaser the ~~Debtor's right~~Debtors' rights, title and ~~interest~~interests in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario by "Zoom" videoconference.

ON READING the Report and the Confidential Appendices to the Report and on hearing the submissions of counsel for the Receiver, ~~[NAMES OF OTHER PARTIES APPEARING]~~, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~Amanda Adamo sworn ~~[DATE]~~April __, 2022, filed⁴:

1. THIS COURT ORDERS that the time for service and filing of the Report, the Confidential Appendices and the motion record in respect of this motion is hereby abridged and validated so that this motion is properly returnable today and dispenses with further service thereof.

⁴This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.

- 3 -

~~1-2.~~ 2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and the execution of the Sale Agreement by the Receiver³ is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets, including but not limited to the Real Property, to the Purchaser.

~~2-3.~~ 3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule Exhibit "A" hereto (the "Receiver's Certificate"), all of the ~~Debtor's right~~ Debtors' rights, title and ~~interest~~ interests in and to the Purchased Assets ~~described in, including but not limited to the Sale Agreement [and listed on Schedule B hereto]~~⁴ Real Property, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims"⁵), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice [NAME] dated [DATE]; Cavanagh dated January 24, 2022 as amended and restated ; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule Exhibit "C" hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the

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

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

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

⁵ The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.

- 4 -

permitted encumbrances, easements and restrictive covenants listed on ~~Schedule D~~ Exhibit "D" ~~hereto~~) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased ~~Assets~~ Asset are hereby expunged and discharged as against the Purchased ~~Assets~~ Asset.

~~3.4.~~ THIS COURT ORDERS that upon the registration in the Land Registry Office for the ~~[Registry Division of {LOCATION}] of a Transfer/Deed of appropriate Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION}]~~ of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*,⁶ the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject ~~real property~~ Real Property identified in ~~Schedule Exhibit "B"~~ hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in ~~Schedule Exhibit "C"~~ hereto.

~~4.5.~~ THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased ~~Assets~~ Asset shall stand in the place and stead of the Purchased ~~Assets~~ Asset, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased ~~Assets~~ Asset with the same priority as they had with respect to the Purchased ~~Assets~~ Asset immediately prior to the sale⁸, as if the Purchased ~~Assets~~ Asset had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

~~5.6.~~ THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the ~~Receiver's~~ Receiver's Certificate, forthwith after delivery thereof.

~~6.~~ THIS COURT ORDERS that, pursuant to clause 7(3)(e) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted

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

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

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

- 5 -

~~to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "●" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.~~

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of either of the Debtor/Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of either of the Debtor/Debtors.

the vesting of the Purchased ~~Assets~~Asset in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of either of the Debtor/Debtors and shall not be void or voidable by creditors of the ~~Debtor/Debtors~~, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

9.8. 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.

- 6 -

Revised: January 21, 2014

9. ~~Schedule~~ THIS COURT ORDERS that the Confidential Appendices is hereby sealed pending completion of the Transaction or further order of this Court

10. THIS COURT ORDERS that this order is effective from today's date and is enforceable without the need for entry and filing.

- 2 -

Exhibit A – Form of Receiver’s Certificate

Court File No. CV-20-00637427-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

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BETWEEN:

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PLAINTIFF

Plaintiff

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

DEFENDANT

Defendant

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

Respondent

RECEIVER’S CERTIFICATE

RECITALS

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A. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~Justice Cavanagh of the Ontario Superior Court of Justice (Commercial List) (the “Court”) dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~January 24, 2022, BDO Canada Limited was appointed as the receiver (the “Receiver”) of the ~~undertaking, property~~lands and ~~assets of~~[DEBTOR]premises known as

- 2 -

518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the "~~Debtor~~-Real Property") owned by David Taylor.

B. Pursuant to an Order of the Court dated ~~[DATE]~~ April 27, 2022, the Court approved the ~~agreement of purchase and sale made as of [DATE OF AGREEMENT]~~ agreement dated March 31, 2022 and accepted April 5, 2022 (the "~~Sale Agreement~~") between the Receiver ~~[Debtor]~~ and ~~[NAME OF PURCHASER]~~ James Christopher Smith (the "~~Purchaser~~") and provided for the vesting in the Purchaser of the ~~Debtor's right~~ Debtors' rights, title and ~~interest~~ interests in and to the Purchased ~~Assets~~ Asset, which vesting is to be effective with respect to the Purchased ~~Assets~~ Asset upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased ~~Assets~~ Asset; (ii) that the conditions to Closing ~~as~~ set out in ~~section 4~~ of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the ~~Transaction~~ transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Receiver.

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

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased ~~Assets~~ Asset payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing ~~as~~ set out in ~~section 4~~ of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The ~~Transaction~~ transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Receiver.

4. ~~This Certificate~~ THIS CERTIFICATE was delivered by the Receiver at _____ ~~[TIME]~~ <*> on _____ ~~[DATE]~~ <*>, 2022.

- 2 -

[NAME OF RECEIVER], BDO CANADA LIMITED, solely in its capacity as Court-appointed Receiver of the ~~undertaking, property lands~~ and ~~assets of [DEBTOR]~~, premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 owned by David Taylor, and not in ~~its any~~ personal, corporate or other capacity

Per: _____
 Name: _____
 Title: _____

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Revised: January 21, 2014

Schedule

Exhibit B – ~~Purchased Assets~~ Real Property

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ScheduleMunicipal Address: 518 King St., Port Colborne, Ontario

Legal Description: PIN 64147-0114 (LT)

PT BLK F PL 775 W/S VICTORIA ST & PT LT 1 PL 777, PTS 1
& 2 59R5190 EXCEPT PT 1, 59R11601 & PT 1, 59R14873; T/W
RO525634; CITY OF PORT COLBORNE

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

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Schedule

<u>Reg. No.</u>	<u>Date</u>	<u>Instrument Type</u>	<u>Amount</u>	<u>Parties From</u>	<u>Parties To</u>
SN453042	Nov 24, 2015	Transfer	\$292,490	Stewart James Melanson	David Taylor
SN453043	Nov 24, 2015	Charge	\$235,000	David Taylor	Golden Horseshoe Investment Inc.
SN572732	Nov 21, 2018	Charge	\$125,000	David Taylor	Stevan Orvitz
SN587591	May 3, 2019	Charge	\$300,000	David Taylor	Liquid Capital Exchange Corp
SN593701	July 2, 2019	Lien	\$65,392	Her Majesty The Queen In Right Of Canada As Represented By The Minister Of National Revenue	
SN661075	Feb 10, 2021	Transfer Of Charge		Golden Horseshoe Investment Inc.	Stevan Orvitz
SN669720	Apr 16, 2021	Transfer Of Charge		Stevan Orvitz	Ra-Tech Cad Services Inc.
SN710500	Jan 26, 2022	APL Court Order		Ontario Superior Court of Justice	BDO Canada Limited

**Exhibit D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property
(unaffected by the Vesting Order)**

SPECIFIC PERMITTED ENCUMBRANCES / REGISTRATIONS

Nil.

<u>Reg. No.</u>	<u>Date</u>	<u>Instrument Type</u>	<u>Amount</u>	<u>Parties From</u>	<u>Parties To</u>
<u>RO436081</u>	<u>Sept 21, 1985</u>	<u>Bylaw</u>			
<u>59R5190</u>	<u>Feb 13, 1987</u>	<u>Plan Reference</u>			

GENERAL PERMITTED ENCUMBRANCES

1. Any municipal by-laws or regulations affecting the Real Property or its use and any other municipal land use instruments including without limitation, official plans and zoning and building by-laws, as well as decisions of the committee of adjustment or any other competent authority permitting variances therefrom, and all applicable building codes;
2. Registered agreements with any municipal, provincial or federal governments or authorities and any public utilities or private suppliers of services, including without limitation, subdivision agreements, development agreements, engineering, grading or landscaping agreements and similar agreements; provided same have been complied with or security has been posted to ensure compliance and completion as evidenced by a letter from the relevant authority or regulated utility;
3. Any unregistered easement, right-of-way, agreements or other unregistered interest of claims not disclosed by registered title provided same does not materially impact the Purchaser's intended use of the Purchased Assets;
4. Any encroachments or other discrepancies that might be revealed by an up-to-date plan of survey of the Real Property;
5. Such other minor encumbrances or defects in title which do not, individually or in the aggregate, materially affect the use, enjoyment or value of the Real Property or any part thereof, or materially impair the value thereof;
6. Any reservations, limitations, provisos and conditions expressed in the original grant from the Crown as the same may be varied by statute; and

7. The following exceptions and qualifications contained in Section 44(1) of the *Land Titles Act*: paragraphs 7, 8, 9, 10, 12 and 14.

Court File No. CV-20-00637427-00CL

LIQUID CAPITAL EXCHANGE CORP. -and- 1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceedings commenced at TORONTO

APPROVAL AND VESTING ORDER

LOOPSTRA NIXON LLP
135 Queens Plate Drive – Suite 600
Toronto, ON M9W 6V7

R. Graham Phoenix
(gphoenix@loonix.com)
Sarah White
(swhite@loonix.com)

t: (416) 748-4710
f: (416) 746-8319

Lawyers for the Receiver, BDO Canada
Limited

TAB 4

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE _____)
JUSTICE CAVANAGH)

WEEKDAY, THE #

WEDNESDAY, THE 27th

DAY OF MONTH, 20YR APRIL, 2022

BETWEEN:

PLAINTIFF

Plaintiff

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

DEFENDANT

Defendant

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 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

DISCHARGE ORDER

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THIS MOTION, made by [RECEIVER'S NAME]BDO Canada Limited, in its capacity as the Court-appointed receiver (the "Receiver") of the ~~undertaking, property, lands and assets of~~ [DEBTOR] premises known as 518 King St., Port Colborne, Ontario and having Property Identification Number (PIN) 64147-0114 (the "Real Property") owned by David Taylor (the "Debtor"); for an order, *inter alia*:

1. approving the activities of the Receiver as set out in the fifth report of the Receiver dated [DATE] April 18, 2022 (the "Report"); and the confidential appendices thereto (the "Confidential Appendices");

2. approving the fees and disbursements of the Receiver and its counsel;

3. approving the distribution of the ~~remaining net~~ proceeds available in the estate of the Debtor; ~~subject to the provisions of this Order, to Ra-Tech Services Cad Services Inc. ("Ra-Tech"), on account of proven indebtedness under the first and second mortgage, Liquid Capital Exchange Corp ("LCX"), on account of proven indebtedness under the third mortgage; and, to the extent funds are available, to Canada Revenue Agency ("CRA") on account of obligations secured under the lien registered on title to the Real property;~~

4. discharging [RECEIVER'S NAME]BDO Canada Limited as Receiver of the undertaking, property and assets of the ~~Debtor;~~ Debtors in respect of the Real Property; and

5. releasing [RECEIVER'S NAME]BDO Canada Limited, from any and all liability, as set out in paragraph ~~58~~ of this Order;

was heard this day at 330 University Avenue, Toronto, Ontario, ~~via Zoom teleconference.~~

ON READING the Report, the Confidential Appendices, the affidavits of the Receiver and its counsel as to fees appended to the Report (the "Fee Affidavits"), and on hearing the submissions of counsel for the Receiver, no one else appearing although served as evidenced by the Affidavit of [NAME] Amanda Adamo sworn [DATE], , 2022, filed;

1. THIS COURT ORDERS that the time for service of the Report, the Confidential Appendices and the motion record in respect of this motion is hereby abridged and validated so

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that the motion is properly returnable today, and that further service thereof is hereby dispensed with.

1-2. THIS COURT ORDERS that the activities of the Receiver, as set out in the Report and the Confidential Appendices, are hereby approved.

2-3. THIS COURT ORDERS that the fees and disbursements of the Receiver and its counsel, including the Fee Accrual, each as defined in the Report and as set out in the Report and the Fee Affidavits, (collectively the "Approved Administrative Fees"), are hereby approved.

4. THIS COURT ORDERS that the Receiver be and his hereby authorized and directed to holdback the amount of \$432,715.14 (the "Holdback"), on account of amounts potentially claimable by Ra-Tech under the first and second mortgage registered on title to the property.

3-5. THIS COURT ORDERS that, after payment of the amounts set out in paragraph 3 hereof for approved fees and disbursements herein approved and reserving the Holdback amount, the Receiver shall pay the monies all remaining funds in its hands to [NAME OF PARTY], to the extent possible, as follows:

(a) first, to LCX, in an amount up to the total indebtedness of the Debtor due and payable under the third mortgage registered on title to the Real Property and proven to the satisfaction of the Receiver; and

(b) second, to the extent there are available funds in the receivership estate, to CRA in an amount up to the total indebtedness of the Debtor secured by the lien in favour of the CRA registered on title to the Real Property on July 2, 2019.

6. THIS COURT ORDERS that the Receiver be and is hereby authorized to distribute an amount not to exceed the Holdback amount to Ra-Tech provided that Ra-Tech first provide evidence of the amount of indebtedness due and payable under the first and second mortgage, and further provided that:

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(a) the Receiver's Charge, established by the order appointing the Receiver, as amended, in the within proceedings be and is hereby extended to apply to the Holdback funds to the limited extent that the Receiver's fees and disbursements exceed the Approved Fees, subject to taxation by this Court; and

(b) Ra-Tech shall not be entitled to any payment in excess of the Holdback amount, less any fees and disbursements approved by this Honourable Court under paragraph 6(a) hereof; and, Ra-Tech shall have no recourse to the Receiver or any person in respect of any claim for or amount alleged owing in excess of the Holdback amount.

4-7. THIS COURT ORDERS that upon payment of the amounts set out in ~~paragraph~~ paragraphs 3, 5 and 6 hereof, and upon the Receiver filing a certificate certifying that it has completed the other activities described in the Report, the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor specifically with respect to the Real Property, provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of [RECEIVER'S NAME] BDO Canada Limited, in its capacity as Receiver.

8. THIS COURT ORDERS AND DECLARES that [RECEIVER'S NAME] the Receiver is hereby released and discharged from any and all liabilities it had incurred pursuant to any and all Receiver Certificates issued for the funding of the Receivership.

5-9. THIS COURT ORDERS AND DECLARES that BDO Canada Limited is hereby released and discharged from any and all liability that [RECEIVER'S NAME] BDO Canada Limited now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of [RECEIVER'S NAME] BDO Canada Limited while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. -Without limiting

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the generality of the foregoing, [RECEIVER'S NAME]BDO Canada Limited is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the ~~Receiver's~~Receiver's part.

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10. THIS COURT ORDERS that this order is effective from today's date and is enforceable without the need for entry and filing.

Court File No. CV-20-00637427-00CL

LIQUID CAPITAL EXCHANGE CORP. -and- 1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

Proceedings commenced at TORONTO

DISCHARGE ORDER

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LIQUID CAPITAL EXCHANGE CORP.

Applicant

and

163556 ONTARIO INC., et al

Respondents

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND
INSOLVENCY ACT, R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101
OF THE COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

Court File No. CV-20-00637427-00CL

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

Proceeding commenced at **TORONTO**

MOTION RECORD

*(returnable April 27, 2022 at 12:00noon via “ZOOM”
videoconference)*

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