

**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 THE SUBSTITUTE RECEIVER,
BDO CANADA LTD.**

(Motion Returnable June 22, 2021 at 12:00noon via “ZOOM” videoconference)

June 16, 2021

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**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

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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 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

**NOTICE OF MOTION
(Motion Returnable June 22, 2021)**

BDO Canada Limited., in its capacity as the substitute receiver (the “**Receiver**”), without security, of all the assets, undertakings and properties of 1635536 Ontario Inc. o/a Versitec Marine & Industrial (“**Versitec Canada**”) and Versitec Marine USA Inc. (“**Versitec USA**”, and collectively “**Versitec**”) used in relation to a business carried on by Versitec, including all proceeds thereof (collectively, the “**Property**”), will make a motion (the “**Motion**”) to a judge presiding over the Commercial List on June 22, 2021 at 12:00noon, 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/84709804123?pwd=QmVnOUVPOmNFM2x5RC9qZ2o5YjdMdz09>. 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 Administrative Order, substantially in the form attached hereto as Schedule “A”, *inter alia*:
 - (a) approving the third report of the Receiver (the “**Third Report**”), as well as the activities of the Receiver detailed therein;
 - (b) approving the fees and disbursements of the Receiver and its legal counsel, Loopstra Nixon LLP (“**Loopstra Nixon**”), for the period ending May 31, 2021;
 - (c) approving the professional fees of Morgan & Partners Inc. in its capacity as the original receiver in these proceedings (in such capacity, the “**Prior Receiver**”) and its legal counsel Laishley Reed LLP for the period of March 9, 2020 up to and including the appointment of the Receiver;
 - (d) authorizing the proposed interim distribution to Liquid Capital Exchange Corp. (“**LCX**”) as well as any subsequent distributions to LCX from time to time as may in the Receiver’s opinion be appropriate provided that the aggregate total amount distributed to LCX does not exceed the amount owed by the Versitec to LCX; and
 - (e) such further and other relief as counsel may advise and this Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. Versitec Canada manufactures and installs marine stern tube seals for ship owners and service supplies across the globe;
2. Versitec USA is a corporate shareholder of Versitec USA;
3. on March 9, 2020, on the application of LCX, this Honourable Court granted an order (the “**Receivership Order**”) appointing the Prior Receiver as receiver over the Property;
4. on February 12, 2021, on the motion of the Prior Receiver, this Honourable Court made an order (the “**Substitution and SISP Approval Order**”):

- (i) discharging the Prior Receiver from its active duties as receiver and appointing BDO Canada Limited as substitute receiver (as hereinbefore defined, in such capacity, the “**Receiver**”) of all of the Property; and
 - (ii) approving a sale and investment solicitation process (the “**SISP**”) in respect of the marketing and sale of the Property.
- 5. on May 4, 2021, on motion of the Receiver, this Honourable Court issued:
 - (i) an approval and vesting order (the “**AVO**”) authorizing the Receiver to enter into an asset purchase agreement (the “**APA**”) with Crug Ltd. (“**Crug**”) and vesting in and to Crug all of Versitec’s right, title and interest in and to the Purchase Assets (as defined in the APA); and
 - (ii) an administrative approval order approving the Receiver’s second report, the activities as described therein, and sealing the two confidential appendices to the report until completion of the transaction contemplated by the APA;
- 6. upon issuance of the AVO, the Receiver executed the Crug APA, completed the necessary closing documents and closed the transaction on May 10, 2021. Since such time, the Receiver has been assisting Crug obtain possession of the Purchased Assets, which efforts have included negotiations with two third parties in possession of Versitec’s consignment inventory, providing access to online digital assets including web sites, domain registrar accounts and email;
- 7. Versitec’s accounts receivable was not included in the Purchased Assets so the Receiver continues to expend efforts collecting the same. The Receiver has sent demand letters to each customer in Versitec’s open accounts receivable ledger, which customers owe, in aggregate, approximately €147,000 and \$6,000 (USD);
- 8. the Canada Revenue Agency (“**CRA**”) has provided the Receiver with its claim letter outlining a total of \$122,322.02 owing in respect of source deductions and, of this amount, \$65,428.90 is subject to a deemed trust in favour of the CRA (the “**CRA Deemed Trust**”)

Amount”). The Receiver intends to pay the CRA Deemed Trust Amount to CRA upon receiving confirmation from CRA that it is satisfied with its trust examination;

9. terminated employees of Versitec have potential claims totaling \$28,540.16 in respect of unpaid vacation pay and termination pay, of which they were entitled to and received \$5,260.16 from Service Canada under the Wage Earner Protection Program, of which \$5,260.16 is subject to security under section 81.4 of the BIA (the “**s81.4 Claim**”). The employees have assigned their claims against Versitec to Service Canada and as a result Service Canada is entitled to receive, and the Receiver intends to pay to it, a distribution of \$5,260.16;
10. on March 31, 2021, the Business Development Bank of Canada (“**BDC**”), Versitec’s then senior secured creditor, and LCX entered into an assignment and priorities agreement whereby BDC assigned to LCX its right, title and interest in \$17,500 of the indebtedness owed by Versitec to BDC and all of its right, title and interest in and to the security held by BDC in Versitec, but excluding any security granted by third parties;
11. the amount owing to LCX and subject to security granted by Versitec in favour of LCX is \$764,695.04;

APPROVAL OF THIRD REPORT AND ACTIVITIES

12. the Receiver has undertaken the activities, which are further detailed in the Third Report, in accordance with the terms of the Substitution and SISP Approval Order;
13. the Third Report fairly and accurately reflects the circumstances of the receivership and the activities performed by the Receiver since its appointment;

APPROVAL OF FEES AND DISBURSEMENTS

14. the Receiver’s fees and disbursements and those of its counsel, as set out in the Third Report, are fair and reasonable;

15. the fees and disbursements of the Prior Receiver and of its counsel, as set out in the Third Report, appear to be fair and reasonable;
16. the payment of the above-noted professional fees and disbursements is supported by LCX, the only economic stakeholder in these proceedings;

DISTRIBUTION

17. the Receiver has received an independent legal opinion from Loopstra Nixon that, subject to the ordinary qualifications and assumptions, the security interest of LCX over the Property is valid and enforceable;
18. after providing for the CRA Deemed Trust Amount, the s81.4 Amount, remittance of HST owing and unpaid professional fees to May 31, 2021 plus a holdback of \$40,000 to provide for further costs until discharge, the Receiver estimates \$180,000 (the “**Interim Distribution**”) is available to distribute to LCX at this time;
19. the Receiver also requests the Court authorize and direct it to make further distributions to LCX, should there be further recoveries from the collection of accounts receivable, provided that the sum of all amounts distributed to LCX shall not exceed the amount owed by Versitec to LCX;

OTHER GROUNDS

20. the other grounds set out in the Third Report;
21. the Consolidated Practice Direction Concerning the Commercial List and the inherent equitable jurisdiction of the Court;
22. rules 1.04, 2.03, 3.02, 16.08 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194;

23. sections 243, 246, 249 and 250 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
24. the *Bankruptcy and Insolvency General Rules*, C.R.C., c. 368;
25. such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. the Third Report and the appendices thereto; and
2. such further and other documentary evidence as counsel may advise and this Court permits.

DATE: June 16, 2021

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*Lawyers for the Court-Appointed
Receiver, BDO Canada Limited.*

Applicant

Respondents

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

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

Proceedings commenced at Toronto

**NOTICE OF MOTION
(Motion Returnable June 22, 2021)**

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*Lawyers for the court-appointed Substitute
Receiver, BDO Canada Limited*

TAB 1A

SCHEDULE “A”

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	TUESDAY, THE 22 nd
)	
JUSTICE HAINEY)	DAY OF JUNE, 2021

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

ORDER

(Administrative Relief)

THIS MOTION, made by BDO Canada Limited, in it’s capacity as substitute receiver (in such capacity, the “**Receiver**”), without security, over all of the assets, undertakings and properties (the “**Property**”) of Versitec Marine USA Inc. (“**Versitec USA**”) and 1635536 Ontario Inc. o/a Versitec Marine & Industrial (“**Versitec Canada**” and together with Versitec USA, the “**Debtors**”) acquired for an order, *inter alia*:

1. approving the third report of the Receiver (the “**Third Report**”), as well as the activities of the Receiver detailed therein;

2. approving the fees and disbursements of the Receiver and its legal counsel, Loopstra Nixon LLP (“**Loopstra Nixon**”), for the period ending May 31, 2021;
3. approving the professional fees of Morgan & Partners Inc. in its capacity as the original receiver in these proceedings (in such capacity, the “**Prior Receiver**”) and its legal counsel Laishley Reed LLP (“**Laishley**”), for the period of March 9, 2020 up to and including the appointment of the Receiver;
4. authorizing the proposed interim distribution to Liquid Capital Exchange Corp. (“**LCX**”) as well as any subsequent distributions to LCX from time to time as may in the Receiver’s opinion be appropriate provided that the aggregate total amount distributed to LCX does not exceed the amount owed by the Debtors to LCX,

was heard virtually by “Zoom” videoconference on this day in Toronto, Ontario.

ON READING the Third Report and on hearing the submissions of counsel for the Receiver and counsel to such other parties as reflected in the attendance sheet, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of <●>, sworn June <●>, 2021, filed:

1. **THIS COURT ORDERS** that the Third Report and activities of the Receiver described therein are hereby approved;
2. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as set out in the Third Report and the fee affidavits appended thereto as Appendix “I” and Appendix “J”, are hereby approved;
3. **THIS COURT ORDERS** that the fees and disbursements of the Prior Receiver and Laishley, as counsel to the Prior Receiver, as set out in the fee affidavits appended to the Third Report as Appendix “K” and “L”, respectively, are hereby approved;
4. **THIS COURT ORDERS** that, after payment of (a) \$65,428.90 to the Canada Revenue Agent (the “**CRA**”) in respect of source deductions that are subject to a deemed trust in favour of the CRA, (b) \$5,260.16 to Service Canada in respect of its security under section 81.4 of the Bankruptcy and Insolvency Act, (c) any HST payable in respect of Versitec’s

reporting period ending June 30, 2021, (d) the approved professional fees of the Receiver, the Receiver's counsel, the Prior Receiver and the Prior Receiver's counsel, and (e) holding back the sum of \$40,000, the Receiver shall pay the monies in its hands to LCX;

5. **THIS COURT ORDERS** that the Receiver shall be and is hereby authorized to make such further distributions to LCX that are, in the opinion of the Receiver, appropriate provided that the aggregate total amount distributed to LCX does not exceed the amount owed by the Debtors to LCX;
6. **THIS COURT ORDERS** that this order is effective from today's date and is enforceable without the need for entry and filing.

The Honourable Justice Hainey

Applicant

Respondents

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

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

Proceedings commenced at Toronto

ORDER
(Administrative Relief)

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*Lawyers for the court-appointed Substitute
Receiver, BDO Canada Ltd.*

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

THIRD 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.

JUNE 16, 2021

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- Appendix F - Receiver's Interim Statement of Receipts & Disbursements
- Appendix G - Canada Revenue Agency Claim Letter for Source Deductions
- Appendix H - Security Opinion re: Liquid Capital Exchange Corp.
- Appendix I - Fee Affidavit of Peter K. Crawley dated June 14, 2021
- Appendix J - Fee Affidavit of Thomas Lambert dated June 16, 2021
- Appendix K - Fee Affidavit of June Morgan dated June 16, 2021
- Appendix L - Fee Affidavit of Calvin J. Ho dated June 14, 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".

1.2 Purpose of this Report

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

- Approving this Third Report and the actions of the Receiver described herein;
- Authorizing the Receiver to make an interim distribution (the "Interim Distribution") to LCX as well as any subsequent distributions to LCX from time to time as may in the Receiver's opinion be appropriate provided that the aggregate total amount distributed to LCX does not exceed the LCX Indebtedness, as defined 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 Thomas Lambert, respectively;
- Approving the professional fees of the Prior Receiver and its legal counsel, Laishley Reed LLP ("Laishley") as detailed in the affidavits of John Morgan and Calvin J. Ho, respectively; and
- such other relief as this Honourable Court deems appropriate.

1.2.2 In preparing this Third 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 Third Report has been prepared for the use of this Court in respect of the above-noted relief. This Third 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 Third 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 AVO.

2.2 Completion of the Crug APA

- 2.2.1 Upon issuance of the AVO, the Receiver executed the CRUG APA and set about completing the necessary closing documents.
- 2.2.2 The Receiver filed its Substitute Receiver's Certificate with the Court on May 31, 2021 (the "Closing Date") as evidence that the transaction contemplated in the Crug APA had closed and that the AVO had vested title to the subject purchased assets in Crug, free and clear of all claims and encumbrances.
- 2.2.3 Subsequent to the Closing Date the Receiver assisted Crug in obtaining possession of the Purchased Assets (as defined in the Crug APA). This has included negotiating with two third parties in possession of Versitec consignment inventory, providing access to online digital assets including web sites, domain registrar accounts and email.
- 2.2.4 The Receiver has relinquished possession of the Port Colborne premises to Crug's Canadian representatives effective June 1, 2021 and cancelled the applicable insurance policy.
- 2.2.5 The Receiver has returned the bid deposit(s) to the unsuccessful bidder(s) that submitted offers during the sale process.

2.3 Collection of Accounts Receivable

- 2.3.1 The accounts receivable of Versitec were not included as Purchased Assets in the Crug APA.
- 2.3.2 The Receiver has sent demand letters to each customer in Versitec's open accounts receivable ledger requesting payment of the outstanding amount. The Receiver is attempting to collect €147,131.20 and \$5,895 USD.

2.4 Review of the LCX Indebtedness

- 2.4.1 As discussed in further detail below, the Receiver has been provided with and reviewed the detailed calculations of the LCX Indebtedness as part of its determination of the appropriateness of the Interim Distribution sought herein.

2.5 Receipts & Disbursements

- 2.5.1 Attached hereto as Appendix "F" is the Receiver's Interim Statement of Receipts and Disbursements for the period February 12, 2021 to June 4, 2021. At this time, the Receiver has a total of \$470,171.66 CAD equivalent (\$199,940.66 CAD and \$226,300.43 USD) in its estate trust accounts.

3.0 PROPOSED DISTRIBUTION

3.1 Introduction

3.1.1 The creditors of Versitec that have registered their security interest in Versitec under the Personal Property Security Act (Ontario) registration system are:

- Business Development Bank of Canada (“BDC”);
- GM Financial Canada Leasing Ltd. (“GM”);
- LCX;
- Premium Capital Group, Inc. (“PCG”); and
- Merchant Advance Capital (“MAC”).

3.2 Canada Revenue Agency

3.2.1 Canada Revenue Agency (“CRA”) has provided the Receiver with its claim letter in respect of source deductions. A total of \$122,322.02 is owing to CRA for source deductions and, of this amount, \$65,428.90 is subject to a deemed trust in favour of CRA (the “CRA Deemed Trust Amount”). A copy of the CRA claim letter is attached hereto as Appendix “G” .

3.2.2 The Receiver intends to pay the CRA Deemed Trust Amount to CRA upon confirmation from CRA that it is satisfied with its trust examination.

3.2.3 There was no amount owing to CRA in respect of H.S.T. at the time of the Receiver’s appointment as Versitec was generally entitled to tax refunds, due to the export nature of its business, and any refunds were applied against the payroll account by CRA to reduce the amount owing in respect of source deductions.

3.2.4 Versitec is a quarterly filer for H.S.T. purposes and the next H.S.T. filing is due July 31, 2021 in respect of the quarter ending June 30, 2021. The Receiver will attend to this filing promptly. However, there is an amount owing to CRA for the quarter ending June 30, 2021 of an estimated \$31,340.48 as H.S.T. was charged and collected from the sale to Crug.

3.3 Service Canada (s81.4 priority)

3.3.1 Terminated employees of Versitec have potential claims totaling \$28,540.16 in respect of unpaid vacation pay and termination pay. As reported in the Second Report, the Receiver submitted the applicable information to Service Canada under the Wage Earner Protection Program (“WEPP”). Of this total amount, \$5,260.16 is subject to security under section 81.4 of the BIA (the “s81.4 Claim”).

- 3.3.2 As a condition of receiving their payments under WEPP, the employees assigned their claims against Versitec to Service Canada. Service Canada is entitled to receive a distribution in respect of the s81.4 Claim.
- 3.3.3 The Receiver will remit up to \$5,260.16 to Service Canada in respect of the s81.4 Claim. At the time of this Third Report Service Canada had paid \$4,808.00 that is subject to the s81.4 Claim. Two former employees have yet to submit their proof of claim to the Receiver.
- 3.4 BDC
- 3.4.1 BDC was owed approximately \$45,000 as per the Prior Receiver's Report (the "BDC Debt"). The BDC Debt is subject to security given by Versitec to BDC. The BDC Debt also has priority over equipment as per an intercreditor agreement entered into by BDC and LCX.
- 3.4.2 As of March 17, 2021, the BDC Debt was \$79,651.83.
- 3.4.3 On March 31, 2021, BDC and LCX entered into an assignment and priorities agreement whereby BDC assigned to LCX its right, title and interest in \$17,500 of the BDC Debt and all of its rights, title and interest in and to the security held by BDC in Versitec, but excluding any security granted by third parties. The agreement also subordinated any security interest held by BDC in respect of the assets of Versitec to the security interest held by LCX.
- 3.4.4 Based on the level of realizations in the receivership and LCX's priority standing, BDC is not expected to receive a distribution from these proceedings.
- 3.5 LCX
- 3.5.1 The amount owing to LCX and subject to security granted by Versitec in favour of LCX (the "LCX Indebtedness") as at October 19, 2020, as per the Prior Receiver's Report, was \$650,380.16. The Prior Receiver reviewed the calculations and was satisfied that this was the correct balance at that time.
- 3.5.2 LCX has advised the Receiver that the balance of the LCX Indebtedness as at May 27, 2021 is \$764,695.04, and further that the per diem interest charge is \$384.39. LCX has also provided the Receiver with detailed calculations used to arrive at the amount.
- 3.5.3 LCX had provided Versitec with three (3) different factoring facilities:
- Account 4822 - Canadian dollar account (Versitec Canada);
 - Account 4820 - U.S. dollar account (Versitec Canada); and
 - Account 4821 - U.S. dollar account (Versitec USA)

A summary of the outstanding balances is as follows:

Account	Cur.	Net Funds Employed	Penalty for Misdirected Funds	Accrued Fees	Enforcement Costs (1)	Total Balance Owing
4822	CAD	\$ 221,437.83	\$24,471.00	\$ 105,230.56	\$ 79,179.93	\$430,319.32
4821	USD	\$ 75,105.56	\$ 2,953.00	\$ 58,258.73	\$ -	\$136,317.29
4820U	USD	\$ 79,405.50	\$14,449.00	\$ 46,171.78	\$ -	\$140,026.28
Total stated in Canadian dollars (\$1 USD = \$1.21 CAD)						<u>\$764,695.04</u>
Note (1): excluding costs of the Receiver and its legal counsel						

- 3.5.4 B.Gunning, former management of Versitec, has provided the Receiver with Versitec's own calculations as to the indebtedness owed by Versitec to LCX, which calculations do not agree with the calculations of LCX. Versitec's own calculations, as provided to the Receiver, suggest that it is LCX who is indebted to Versitec.
- 3.5.5 The Receiver has reviewed LCX's calculations to arrive at the LCX Indebtedness of \$764,695.04. LCX also provided a detailed comparison of Versitec's calculations to LCX's. The primary differences are due to Versitec not accounting for the factoring fees and penalties that LCX was entitled to on advances, misdirected customer payments, reversed advances for invoices presented for factoring but not actually issued to the customer, and costs of enforcing LCX's security.
- 3.5.6 The Receiver concurs with the amount of the LCX Indebtedness as determined by LCX, based on the documents and records reviewed.
- 3.5.7 BDO has received a security opinion with respect to the security granted by Versitec 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 "H".
- 3.6 Other Secured Creditors
- 3.6.1 The security registered in respect of GM is in relation to a leased 2017 Silverado pickup truck which Versitec used to pickup and deliver product. The vehicle lease expired on April 28, 2021 and the vehicle has been returned to the dealer.
- 3.6.2 The Receiver has not had any contact with PCG or MAC. The Receiver advises that there do not appear to be any liabilities stated on Versitec's financial statements in respect of PCG and MAC.

3.7 Proposed Distribution

- 3.7.1 After providing for the CRA Deemed Trust Amount, the s81.4 Amount, remittance of H.S.T. owing, unpaid professional fees to May 31, 2021 plus a holdback of \$40,000 to provide for further costs until discharge (the "Holdback"), the Receiver estimates \$180,000 is available to distribute to LCX at this time and seeks the Court's approval of same.
- 3.7.2 Further, the Receiver is requesting the Court to authorize and direct the Receiver to make future distributions to LCX, should there be further recoveries from the collection of accounts receivable, provided that the sum of all amounts distributed to LCX shall not exceed the LCX Indebtedness.

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 June 14, 2021 and attached hereto as Appendix "I", professional fees of the Receiver incurred from January 13, 2021 to May 31, 2021 amount to 365.3 total hours, fees of \$142,253.00 (at an average hourly rate of \$389.41) and disbursements of \$586.77 (before H.S.T.).
- 4.1.2 As set out in the affidavit of Thomas Lambert of Loopstra sworn June 16, 2021 and attached hereto as Appendix "J", professional fees of the Receiver's counsel incurred from January 15, 2021 to May 31, 2021 amount to 91.2 total hours, fees of \$43,217.50 (at an average hourly rate of \$473.88) and disbursements of \$708.22 (before H.S.T.).
- 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.

4.2 Professional Fees of the Prior Receiver and its legal counsel

- 4.2.1 When the Receiver was substituted for the Prior Receiver, Morgan & Partners Inc., the Prior Receiver did not seek approval of its final fees and disbursements, nor those of its legal counsel, Laishley.
- 4.2.2 Since such time, the Prior Receiver and LCX, the only party with an economic interest, are in agreement that the Prior Receiver be paid an amount equal to \$27,500.00 + HST of \$3,575, plus \$5,000 in disbursements (the "Prior Receiver Fees & Disbursements"), which funds have previously been paid to the Prior Receiver from the Estate of Versitec. The particulars of the Prior Receiver Fees & Disbursements are as set out in the Affidavit of John Morgan sworn June 16, 2021, a copy of which is attached as Appendix "K" and indicating a total of 69.0 hours at an average hourly rate of \$398.55. The Prior Receiver has confirmed that it will not, now or in the future, seek to recover any amounts over and above the Prior Receiver Fees & Disbursements, as set out above, under the Administration Charge granted in these proceedings and releases any claim to recover further funds under such priority charge.
- 4.2.3 The Receiver has reviewed the affidavit of Mr. Morgan and does not believe the rates represented therein to be inappropriate or unreasonable in the circumstances. Additionally, the subject fees and disbursements have already been paid. The Receiver understands that LCX supports the approval of the Prior Receiver Fees & Disbursements.
- 4.2.4 In view of the foregoing, the Receiver respectfully requests, on behalf of the Prior Receiver, that this Court approve the Prior Receiver Fees & Disbursements.

- 4.2.5 As set out in the affidavit of Calvin J. Ho of Laishley sworn June 14, 2021 and attached hereto as Appendix "L", professional fees of the Prior Receiver's counsel incurred from March 12, 2020 to August 31, 2020 amount to 32.3 total hours, and fees and disbursements of \$13,000.00 (before H.S.T., and at an average hourly rate of \$402.48). Laishley has confirmed that it has no further claims for fees under the Administration Charge granted in these proceedings.
- 4.2.6 The Receiver has reviewed the accounts of Laishley and does not believe them to be inappropriate and unreasonable in the circumstances. The Receiver understands that LCX supports the approval of Laishley's fees and disbursements.

In view of the foregoing, the Receiver respectfully requests that this Court approve the fees and disbursements of Laishley.

5.0 CONCLUSION

- 5.1.1 For the reasons set out above, the Receiver respectfully requests that the Court issue an order:
- a) approving this Third Report and the actions of the Receiver described herein;
 - b) approving the fees and disbursements of the Receiver and its legal counsel;
 - c) approving the fees and disbursements of the Prior Receiver and its legal counsel;
 - d) approving the Holdback;
 - e) authorizing the Receiver to, after payment of approved administrative fees and disbursements and reserving the Holdback, make distributions to LCX, the sum of which not to exceed the LCX Indebtedness; and
 - f) such other relief as this Court deems appropriate.

All of which is respectfully submitted this 16th day of June, 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 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.

Versitec USA										
AR Summary - Mar In US \$										
AC# 4820U										
DebtorName					Balance	Current	1-30	31-60	61-90	91-Up
ANGLO EASTERN SHIP MANAGEMENT LTD. (HONG K					22,555.00	--	--	--	--	22,555.00
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amou	Balance			Invoice Days		Over Due Day:
U19048	7/7/2019	8/28/2019	10022	5,095.00	5,095.00			242		212
U19051	7/28/2019	8/28/2019	10022	8,400.00	8,400.00			221		191
U19053	7/25/2019	8/28/2019	10022	9,060.00	9,060.00			224		194
Wallem Ship Management Ltd.					53,059.67	--	--	--	--	53,059.67
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amou	Balance			Invoice Days		Over Due Day:
U19027	7/25/2019	8/28/2019	10022	23,079.94	23,079.94			224		194
U19042	6/28/2019	8/8/2019	10020	4,940.38	4,940.38			251		221
U19044	7/26/2019	8/28/2019	10022	15,106.35	15,106.35			223		193
U19045	6/2/2019	8/22/2019	10021	3,938.00	3,938.00			277		247
U19049	7/19/2019	8/28/2019	10022	5,995.00	5,995.00			230		200
Grand Total AR		Ac 4820U			75,614.67	0	0	0	0	75,614.67
Versitec Canada										
AR Summary - Mar 4, 2020 In US \$										
AC# 4821										
DebtorName					Balance	Current	1-30	31-60	61-90	91-Up
CRUISE MANAGEMENT INTERNATIONAL, INC.					13,945.00	--	--	--	--	13,945.00
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amount	Balance			Invoice Days		Over Due Days
219078	4/10/2019	5/3/2019	10024	13,945.00	13,945.00			330		300
GREAT LAKES DREDGE & DOCK, LLC					48,921.79	--	--	--	--	48,921.79
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amount	Balance			Invoice Days		Over Due Days
219213	8/26/2019	9/27/2019	10031	48,921.79	48,921.79			192		162
METEOR MANAGEMENT BULGARIA LTD					6,320.00	--	--	--	--	6,320.00
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amount	Balance			Invoice Days		Over Due Days
219073	5/21/2019	6/28/2019	10028	6,320.00	6,320.00			289		259
Wallem Ship Management Ltd.					25,887.00	--	--	--	--	25,887.00
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amount	Balance			Invoice Days		Over Due Days
219127	8/2/2019	8/28/2019	10029	19,532.00	19,532.00			216		186
219214	9/16/2019	9/27/2019	10031	6,355.00	6,355.00			171		141
Grand Total AR		Ac 4822			95,073.79	0	0	0	0	95,073.79

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
Barristers & Solicitors
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Toronto ON M5C 2W7

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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

ORDER

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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

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

**FIRST REPORT OF THE COURT-APPOINTED RECEIVER,
MORGAN & PARTNERS INC.**

February 5, 2021

MORGAN & PARTNERS INC.
4 Cedar Pointe Drive, Unit J-2
Barrie, ON L4N 5R7

Tel: 705-739-7003
Fax: 705-739-7119

Court-Appointed Receiver for
1635536 Ontario Inc. o/a Versitec Marine &
Industrial and Versitec Marine USA Inc.
("Versitec")

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INDEX OF EXHIBITS

1. Receivership Order dated March 9, 2020;
2. Form 87, Notice of Statement of the Receiver, s. 245(1), 246(1), BIA;
3. State of Delaware, Annual Franchise Tax Report;
4. Memorandum of Operations, dated March 31, 2020;
5. Management Consulting Agreement dated April 29, 2020;
6. Mold Inventory Listing, Procim Inc.
7. Letter to Customers, dated March 31, 2020;
8. Canada Revenue Agency online account statement, tax year balances;
9. First Vancouver v Canada (Minister of National Revenue – M.N.R.), [2002] 2 S.C.R. 720
10. Factored Receivables analysis;
11. Conneaut Creek Ship Repair, Inc. action – Amended Complaint;
12. Conneaut Creek Settlement Agreement;
13. Carpenter/Swindell Statements of Claim;
14. Receiver’s communications re: Pranab Dhar;

INTRODUCTION

1. This is the First Report to the Court of Morgan & Partners Inc. (“MPI”), the Court-Appointed Receiver (the “Receiver”) over the assets and undertakings of the Respondents, 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively, “Versitec”).

2. The purpose of this Report is to summarize and seek approval of limited activities of the Receiver from the date of its appointment through to present, and to provide background in respect of a substitution of the Receiver on consent.

RECEIVERSHIP ORDER

3. On March 9, 2020, an Order appointing MPI as Court-appointed Receiver over Versitec (the “Appointment Order”) was granted by the Honorable Madame Justice Gilmore (**Exhibit 1**).

4. The Application was brought by Versitec’s senior secured creditor, Liquid Capital Exchange Corp (“LCX”), which operates as an asset-based lender and provides, *inter alia*, accounts receivable financing and factoring facilities to customers. At the time of its commencement:

- a) demands and notices of intention to enforce security had been issued and delivered by LCX to Versitec;
- b) Versitec was in default of its obligations to LCX;
- c) Versitec had entered into a Forbearance Agreement with LCX, which agreement had expired without repayment to LCX in full as required;

d) LCX had expressed concern as to what it believed were serious breaches of the terms of the Forbearance Agreement and collection of factored accounts receivable by Versitec, which was in default of its obligations to LCX.

5. The Application was opposed by Versitec, who requested an adjournment of the hearing in order to file responding materials. On March 9, 2020, the Honourable Justice Gilmore granted the Appointment Order. The Endorsement of Gilmore J. indicates that on the evidence filed there was sufficient urgency to warrant the immediate granting of the Appointment Order, but provided that the issuance of the Appointment Order was without prejudice to the Respondents' ability to file responding materials and return to Court on ten days' notice to present argument seeking that the Appointment Order should be vacated.

6. The Respondents did not file any responding materials subsequent to the issuance of the Appointment Order and did not seek to vacate the Appointment Order.

7. The Appointment Order appointed MPI as Receiver, without security, over:

- (i) all of the assets, undertakings, and properties of Versitec Marine USA Inc.; and
- (ii) the assets of 1635536 Ontario Inc. o/a Versitec Marine & Industrial, as set out in Schedule "A1" and "A2" of the Appointment Order.

8. Since the date of its appointment, Receiver has, with the assistance of management carried on the business of both companies, one being an Ontario incorporated company and the other, Versitec Marine USA Inc., being a corporation incorporated in the State of Delaware, USA.

9. On March 9th 2020, MPI filed the required Form 87, Notice of Statement of the Receiver with the Office of the Superintendent in Bankruptcy, as required under sections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (the “BIA”). Attached as **Exhibit 2** is a copy of the Receiver’s Notice. Attached as **Exhibit 3** is a State of Delaware Annual Franchise Tax Report filed with the State of Delaware for the calendar year 2019.

STABILIZATION AND CONTROL OF OPERATIONS

10. On March 13, 2020, the Receiver, along with LCX and Florian Meyer, the previous privately-appointed monitor under LCX’s forbearance agreement, met with management at the Port Colborne office to discuss stabilization and control of continuing operations under the Receivership.

11. Between March 13 and March 31, 2020, the management reporting and cash management protocol was agreed upon and a Memorandum of Operations dated March 31, 2020 was executed, a copy of which is attached as **Exhibit 4**.

12. Under the protocol, all cash was to be directed to the Receiver’s trust account, and, with the concurrence of management and the Receiver, receivables for both the Canadian operations and the US operations would be paid directly to the Receiver’s bank account held at Versa Bank, which had been opened and was under the sole control of the Receiver. The majority of these transactions were to be completed via wire transfer following consensus between the Receiver and Reuben Byrd, the current CEO of the

Versitec group of companies, who was retained by the Receiver under a management consulting agreement, a copy of which is attached as **Exhibit 5**.

13. The principal manufacturer of the rubber O-ring seals used for the business of Versitec, is a corporation known as Procim Inc. This company, located in Mississauga, Ontario, is also the repository for more than 50 or 60 molds of various sizes and circumferences, which are owned by Versitec.

14. On March 13, 2020, the Receiver visited Procim Inc.'s office premises in Mississauga, as well as an offsite location for the storage of molds not currently in active use. The Receiver verified the existence and ownership of the molds following review and receipt of a detailed listing from Procim Inc.

15. Most, if not all of the molds were of a size and weight that would require heavy machinery to remove them from the storage sites. The Receiver confirmed that both sites are locked and securitized by electronic means, thereby securing against any unauthorized physical access and removal.

16. A full inventory list of the molds held by Procim Inc. is attached as **Exhibit 6**.

PORT COLBORNE FACILITY/OPERATIONS

17. The Receiver reviewed and evaluated staffing and employment requirements for continued operations. The Receiver effected short-term lay-offs and maintained the employment of key operations employees who had been overseeing the operations of Versitec.

18. The Receiver maintained employment of a key employee who was responsible for all logistics concerning orders and accounts receivable. The receiver maintained a second key employee who was responsible for the purchasing and co-ordination of all required materials and supplies to complete each shipment for distribution to haul-out facilities world-wide, the timing of which is dependent upon the precise scheduling of dry docking of ships for the installation of Versitec's products and related servicing.

19. Throughout the course of the receivership, the Receiver has been in constant communications with these key employees, along with Mr. Byrd, either on a daily or weekly basis as required, in order to facilitate and continue the overall business operations of Versitec. The Receiver also utilized the assistance of Mr. Byrd and these employees in the collection of receivables, and in dealing with any operational issues within the organization. In respect of receivables, the Receiver evaluated aging and non-performing accounts, and devised and implemented a comprehensive collection strategy. The Receiver actively reduced set-offs of older receivables with set-off payables and integrated the review of aged receivables and aged payables for better oversight and to facilitate cash-flow projections. The Receiver further evaluated and streamlined relationships with logistics and materials suppliers, in furtherance of maintaining and optimizing cash-flow for operations.

20. The Receiver further evaluated and took remediation steps concerning the balance sheet for shareholder loans and employee advances. These steps included issuing T-4As for expenditures and cash disbursements which had been identified as either un-

authorized or non-business expenditures or disbursements. The Receiver also took steps to eliminate non-income producing assets, and redundant payables.

21. In respect of operations, the Receiver also managed crisis issues involving logistics providers from time to time, and addressed issues concerning maintenance of other key suppliers. The Receiver further liaised between customers and management in respect of day to day operations strategy and maintenance of an orderly flow of finished product to world-wide customers.

22. During COVID-19, the Receiver monitored and evaluated changing market conditions both internationally and locally and assisted management with market and deployment strategy. The Receiver facilitated the utilization of Canadian Government loan and wage subsidy assistance from inception to close of original programs.

BANKING PROCESS

23. Versitec's banking had primarily been conducted through the TD Canada Trust branch in Port Colborne, Ontario, and a Bank of America branch located in Boca, Florida.

24. At the time of the Receiver's appointment, the majority of expenditures and receipt of receivables of Versitec were being transacted through the Bank of America. The Receiver's initial review of Versitec's banking activity, indicated that there also appeared to have been uncontrolled personal or non-business-related expenses of certain management personnel which were being transacted prior to the Receiver's appointment.

25. The Receiver's review of Versitec's banking activities also indicated that regular monthly loan payments were also being made to two U.S. Merchant cash advancers, both of which were U.S. secured creditors that had funded Versitec's operations during the early part of 2020 when the business was experiencing cash-flow issues. The Receiver also observed monthly loan payments going to Bank of America, which had provided funding to assist the Versitec Group some two years prior to the Receiver's appointment.
26. The Receiver has not obtained opinions in respect of the relative priority of security interests held by creditors of the U.S. entity, as the Receiver is not appointed in the U.S.; however, it appears that based on time of registration, LCX has a senior ranking general security interest. It was also apparent at the time of the Receiver's appointment, that certain Canadian receivables were being deposited to the Versitec U.S. account. The Receiver since determined that management had been seeking at the time to prevent unauthorized withdrawals from the Versitec Canadian account and was therefore depositing to the U.S. account. The Receiver further took steps to distinguish, account for, and reconcile all Canadian and U.S. receivables.
27. The Receiver sought to determine a procedure within which to stabilize, maintain control, and prevent dissipation of funds of Versitec, without disruption of ordinary business activities and transactions and the incoming flow of receivables payments.
28. Accordingly, the Receiver set up an independent Canadian receivership account at Versa Bank for Canadian operations, and a further independent account at BB&T Bank in Florida for U.S. operations, also solely controlled by the Receiver. The flow of revenues and receivables ordinarily flowing to Versitec's Bank of America account would then be

'swept' in a consistent and continual manner in order to control and prevent leakage of funds.

29. The Receiver's bank accounts at Versa Bank in Saskatchewan and BB&T in Boca, Florida, were set up for this purpose. Any transfer of funds from Versa Bank to the BB&T bank account for U.S. operations would only be initiated once there was consensus between Mr. Byrd, as consultant for operations, and the Receiver, as to what funds were required to meet the needs and obligations of both the Canadian and U.S. operations on an ongoing basis.

30. At the outset of the receivership, the principal customers of Versitec, being mainly international overseas customers, were communicated with to re-direct their receivable payments directly to the Receiver's bank account at Versa Bank. A copy of that communication and the list of customers is attached as **Exhibit 7**.

31. The Receiver has on the whole, received re-directed payments and wire transfers from customers continuously during the course of the receivership. Notwithstanding, on a number of occasions certain wire transfer payments continued to be deposited to Versitec's Bank of America account. When this occurred, the Receiver and Mr. Byrd through continual monitoring, re-directed these payments to the Versa Bank account and/or the BB&T bank account accordingly. This process ensured there was no leakage of funds which the Receiver and/or management did not know or were not aware of.

32. An alert mechanism was also set up by the Receiver for the Bank of America account as a further monitoring safe-guard, in order to ensure that no overdrafts or

unauthorized expenditures occurred. The alert mechanism further enabled the Receiver to take corrective, remedial action if required.

33. The Receiver's trust account as referenced was reconciled monthly to the trust bank statement to ensure completeness and accuracy.

CANADA REVENUE AGENCY

34. As prior referenced, LCX made a successful application for the appointment of MPI as Court-appointed Receiver to *inter alia*, take control over the assets and undertaking of Versitec, and to prevent against the dissipation of proceeds, including those which were subject to LCX's security.

35. At the time of the application, a debt was owing by Versitec to Canada Revenue Agency on behalf of Her Majesty in Right of Canada ("CRA") for unpaid employee source deductions. Following its appointment, the Receiver obtained confirmation of the debt owing to CRA in excess of \$225,000, which appears to have been incurred from 2019 to early 2020. A copy of Versitec's on-line CRA account confirming same is attached as **Exhibit 8**.

36. During the course of the receivership, post-appointment source deductions liabilities incurred to CRA were paid by the Receiver as and when due from funds received by the Receiver.

GENERAL SECURED CREDITORS

37. Versitec's general secured creditors are:

a) LCX: owed \$650,380.16 as of October 19, 2020; and

b) BDC: owed \$45,000 as of March 9, 2020.

38. Pursuant to a priorities agreement between LCX and BDC, LCX's security in any equipment owned by Versitec is subordinate to that of BDC, but superior in respect of all other assets.

39. The Receiver has obtained an opinion from its legal counsel as to the validity and enforceability of LCX's security.

40. Early in the receivership, LCX requested that the Receiver release to LCX upon receipt, any Versitec accounts receivable which had been purchased by LCX but remitted to Versitec. Having regard to the Supreme Court of Canada decision in *First Vancouver Finance v. Canada (Minister of National Revenue, M.N.R.)*, [2002] 2 S.C.R. 72, (**Exhibit 9**) and in consultation with legal counsel, the Receiver agreed to release to LCX upon collection those factored accounts receivable which had demonstrably been purchased by LCX and constituted property of LCX rather than that of Versitec. To date the total sum of \$60,000 has been released LCX on this basis. Set out at **Exhibit 10**, is an analysis of factored receivables which the Receiver determined to be appropriate to release to LCX.

41. During the course of the receivership, BDC has not raised any issues in respect of its security to the Receiver.

OTHER SECURED CREDITORS

42. There may be in existence secured creditors which have valid security interests as against Versitec Marine USA Inc., but as no recognition order was obtained by the applicant in the United States, the stay of proceedings afforded by the Appointment Order only extended to Canadian creditors.

OUTSTANDING LITIGATION

43. During the course of the receivership, the Receiver became aware of two outstanding Court proceedings which had been brought against the Versitec Group of companies prior to the date of the Appointment Order. With the assistance of counsel, settlements were reached and Releases were received by the Receiver.

CONNEAUT CREEK SHIP REPAIR, INC.

44. An action claiming payment of outstanding indebtedness for past invoices which had been disputed was issued by Conneaut Creek Ship Repair, Inc., a contracted service provider to Versitec, in the New York District Court in the United States, where the stay of proceedings provided for in the Appointment Order did not apply (**Exhibit 11**).

45. Conneaut was considered an essential service provider pursuant to an ongoing service contract in respect of installation, service and support of Versitec's products in the U.S. A dispute over invoicing and past delivery of services had been ongoing, despite continuing services being provided.

46. Following protracted negotiations, the claim was settled through the Receiver for payment of a total sum of USD\$70,000, in full satisfaction of the claim against Versitec which exceeded USD\$116,000, plus associated costs.

47. The settlement payments were made in accordance with an agreed upon payment schedule between August and October 2020 by the Receiver. Copies of the Settlement agreement and the full and final releases are attached as **Exhibit 12**.

CARPENTER/SWINDELL LITIGATION

48. Two separate proceedings were initiated as a result of allegations of wrongful dismissal by former management employees of Versitec. Both actions were filed against Versitec and its principal, through statements of claim dated May 21, 2019, which predated the Appointment Order, copies of which are attached as **Exhibit 13**.

49. Counsel had been retained jointly on behalf of corporate and non-corporate defendants, and had filed statements of defence, and steps were being taken by the plaintiffs to lift the stay of proceedings against the corporation. Given the legal issues and in the interests of time and cost-efficiency, both of these actions were settled in respect of all defendants by way of Minutes of Settlement at a formal Mediation which occurred on September 22, 2020.

50. The settlements are subject to an agreed-upon payment schedule over a period of 5 months, which remains current. A payment for mediator fees which was to have been made by the co-defendant, David Taylor, remains outstanding from the co-defendant.

PRANAB DHAR

51. An individual named Pranab Dhar had been a commissioned agent through Versitec Marine Inc. On or about August 14, 2020, the Receiver received a communication from Mr. Dhar stating that he was owed funds.

52. Following the Receiver's review and investigation, it was determined that no written or verbal agency agreement was in existence with Mr. Dhar for commissioned services after 2019, and certainly not for 2020.

53. The Receiver communicated its position that since there was no valid contract or arrangement with Versitec at the time of the Receiver's appointment, no payments could be made by the Receiver to Mr. Dhar. As at the date of this Report, no litigation has commenced and no further communications have been received. Attached as **Exhibit 14** are the Receiver's communications concerning this matter.

REVIEW OF AMOUNTS OWED TO LCX

54. Due to a) the necessity to perform a review of accounts receivable in order to determine and identify those factored accounts receivable which could be released to LCX; and b) inquiries made by management and principals of LCX as to independent verification of the amounts owed to LCX, the Receiver has undertaken a thorough review and analysis of the factored accounts receivable and of the amounts outstanding and owed to LCX. The Receiver has reviewed documentation provided by LCX in support of its calculation that Versitec is indebted to LCX, as of October 19, 2020, in the amount of \$650,380.16. On the basis of its review, the Receiver is satisfied with LCX's calculation.

COMPLIANCE WITH CRA OBLIGATIONS

55. During the course of the receivership, all source deductions have been remitted to CRA by the Receiver.

56. Furthermore, all HST filings have been made by Versitec as required. Since most of the accounts receivable are in respect of foreign customers, the refund created has been used by CRA to offset the more current amounts owing for source deductions. Notwithstanding, unpaid pre-Appointment Order source deduction liabilities remain. To date, the CRA has not requested any audit of Versitec's HST or source deductions account.

CURRENT STATUS

57. During the past 40 days, cash flow has decreased significantly due to the COVID-19 pandemic. The Receiver has worked with management to intensify follow up and collection efforts with world-wide customers, many of which are conserving cash or have delayed payment due to closures and restrictions of ports and dry-docks. As a result, the Receiver and management have placed all U.S. staff and approximately half of Canadian staff on short term leave, in order to preserve cash-flow. This situation has been complicated further by the second wave of the COVID-19 pandemic globally, which has shuttered or temporarily closed many of the firms that the company does business with worldwide. From the Receiver's perspective, this situation may or may not be short term in nature, and timing for resumption of ordinary operations remains uncertain.

APPROVAL OF RECEIVERSHIP ACTIVITIES; SUBSTITUTION OF RECEIVER

58. The Receiver requests Court approval of its activities as set out in the First Report from the date of its appointment on March 9, 2020 to date, except in relation to any payments made in relation to the litigation settlements described herein, or the litigation settlements themselves, for the reason that LCX has requested time to consider and evaluate its position on such.

59. There has been mutual agreement between MPI, LCX, and BDO Canada Inc. ("BDO"), that in order to effect an expedited sales process for the property under receivership, that it would be advantageous for MPI to be substituted by BDO. Accordingly, there has been mutual agreement that there be a substitution of MPI by BDO as Court-appointed Receiver.

ALL OF WHICH IS RESPECTFULLY REPORTED

Date: February 5 , 2021

MORGAN & PARTNERS INC.

Per: 

Name John H. R. Morgan

Title: President

I/We have the authority to bind the corporation

TAB 2C

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

SECOND 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.

APRIL 23, 2021

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Appendix B	-	Prior Receiver’s Report dated February 5, 2021
Appendix C	-	Preliminary Report dated February 9, 2021
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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 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. Attached as Appendix "B" is copy of the Prior Receiver's Report (without appendices).
- 1.1.4 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 "C". The Appointment Order also authorized the Receiver to conduct the SISP.

1.2 Purpose of this Report

- 1.2.1 This report is the Receiver's second report to the Court (the "Second Report") and is filed in respect of a motion for an order approving this report and the actions of the Receiver described herein (the "Administrative Order"); and an order (the "Approval and Vesting Order"):
 - a) approving the asset purchase agreement between the Receiver, as vendor, and CRUG Ltd. ("Crug" or the "Purchaser") or an affiliate of Crug (hereinafter also referred to as the "Purchaser"), as purchaser, dated April 14, 2021 (the "Sale Agreement") and authorizing the Receiver to complete the transaction contemplated therein (the "Transaction"); and
 - b) upon completion of the Transaction (as evidenced by the Receiver filing a certificate certifying same), vesting the Purchased Assets (as defined in the Sale Agreement) in the Purchaser.
- 1.2.2 In preparing this Second 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 Second Report has been prepared for the use of this Court in respect of the above-noted relief. This Second 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 Second 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 Appointment Order.

2.2 Debtors' Business and Operations

2.2.1 Versitec operated a ship stern tube seal manufacturing and service business, serving the global marine market.

2.2.2 The background with respect to Versitec, as well as a description of the activities and circumstances leading to the appointment of the Prior Receiver, are contained in the motion record (the "Liquid Capital Motion Record") filed by Liquid Capital Exchange Corp. ("LCX"), the plaintiff in the within proceeding.

2.2.3 The operations of Versitec continued upon the appointment of the Prior Receiver and remained ongoing upon the appointment of the Receiver.

2.2.4 A simplified explanation of the manufacturing process is as follows:

- Seals were produced at a third-party manufacturer named ProCim Inc. ("ProCim"), located in Mississauga, ON. ProCim manufactures molds and operates presses. Versitec purchased and delivered the special rubber compound to ProCim for pressing into seals.
- Finished seals were shipped to Versitec's location in Port Colborne, ON, where employees would sand and finish the seals, check for quality, package with the additional parts required for installation and then ship the finished product to the customer.

2.2.5 Upon being appointed, the Receiver attended both the ProCim and Port Colborne locations to meet staff, discuss ongoing operations, and observe assets.

2.2.6 At the time of the Receiver's appointment Versitec had seven (7) employees and subcontractors:

- Reuben Byrd ("Byrd"), CEO, based in Florida, under contract with the Prior Receiver, which contract terminated on February 12, 2021 with the Substitution;
- Ed Pavey ("Pavey"), Vice President of Sales & Service, based in Florida;
- Albert Seaman ("Seaman"), Director Manufacturing & IT, based in Pennsylvania;
- Frank Maddalena ("Maddalena"), General Manager, based in Port Colborne, ON;
- Lou Varga ("Varga"), Seal Rubber Specialist, based in Port Colborne, ON;

- Lance Lockett (“Lockett”), Shipping & Service Coordinator, based in Port Colborne, ON (Lockett was on lay-off at the time of the Receiver’s appointment and was reinstated on February 21, 2021); and
- Brian Gunning CPA (“Gunning”), external Comptroller.

In addition to the above, Versitec had individual sales and service agents in Greece and Vietnam.

- 2.2.7 The Receiver contacted Byrd upon its appointment to discuss the status of ongoing operations and the Receiver’s mandate. The Receiver requested Byrd’s assistance with preparation of a cashflow projection so that the Receiver could more fully understand the merit of continuing operations. Byrd initially stated his intention to cooperate with the Receiver but later stated that he wanted to have a contract in place prior to performing any work for the Receiver. Byrd had a contract with the Prior Receiver that entitled him to be paid \$13,000 USD per month plus collection incentives. He typically received \$16,000 USD per month during the period of the Prior Receiver’s appointment. The Receiver advised Byrd that the Receiver required his assistance to prepare a cashflow projection in order to assess the merit of paying Byrd that amount of money. Byrd did not assist the Receiver with preparing the cashflow projection necessary to evaluate go-forward operations.
- 2.2.8 As the Receiver determined how much cashflow may be generated during the receivership, it made offers to Byrd which were not accepted and thus Byrd was not retained to assist the Receiver.
- 2.2.9 As explained below, operations of Versitec came to a halt on March 18, 2021. The Receiver terminated the employment of Varga and Lockett on March 19, 2021. Maddalena was retained to assist with accounts receivable collections. However, his employment with Versitec ceased on April 16, 2021. Seaman had resigned on March 12, 2021, citing non-payment for services rendered as the reason.
- 2.2.10 The Receiver attended to the requisite filings under the Wage Earner Protection Program in respect of terminated employees.
- 2.3 Insurance Policies
- 2.3.1 In advance of its appointment, the Receiver contacted the Prior Receiver on several occasions in order to request and collect information on various matters involving the business operations of Versitec. One such request was to provide copies of any insurance policies in force at the time.
- 2.3.2 On February 12, 2021, the Prior Receiver advised the Receiver that Byrd had a policy binder “which has been fully paid by the Receiver and is in effect at the current time”. The Receiver requested a copy of the insurance policy(ies) from both the Prior Receiver and Byrd. Neither the Prior Receiver nor Byrd produced copies on any applicable insurance policies.
- 2.3.3 Concerned that there wasn’t any insurance in place, the Receiver applied for and obtained contents and commercial general liability insurance coverage on the sole premises located in Port Colborne, ON. This policy went into force on March 2,

2021. However, this policy did not include necessary product liability and completed operations coverage that was required to insure ongoing production and product delivery around the world.

- 2.3.4 On March 2, 2021, the Prior Receiver provided a copy of a billing statement issued by AFS IBEX and which was funded by the Prior Receiver from estate funds. A copy of this statement is attached hereto as Appendix "D". The Receiver contacted the named insurance broker, Kelly White & Associates Ins LLC in Jacksonville, FLA, and spoke with Kelly White. Ms. White advised the Receiver that she was unaware of any entity named Versitec nor did she have any policies in force in respect of any Canadian operations.
- 2.3.5 Concerned that Versitec did not have proper commercial and product liability insurance in place, the Receiver attempted to obtain its own product liability policy but was unsuccessful. Thus, on March 18, 2021 the Receiver instructed staff to cease operations and notify customers that no further orders could be fulfilled.
- 2.4 Banking Arrangements
- 2.4.1 As reported by the Prior Receiver in the Prior Receiver's Report, the Prior Receiver was receiving customer payments into its own estate trust account(s) held at Versa Bank, as well as into Versitec USA bank accounts held at Bank of America and BB&T Bank in Florida. There were certain customers, including Versitec's largest customer (located in Greece), that continued to make wire payments on account to the Bank of America account rather than the Prior Receiver's estate trust account.
- 2.4.2 On February 17, 2021 Byrd advised the Receiver that a payment of 55,000 € was being made by a Greek customer. The Receiver later determined that this payment was made to the Bank of America account and then transferred to the BB&T account of Versitec USA by Byrd. The Receiver contacted BB&T to have the funds wired to the Receiver's estate trust account but was advised by BB&T personnel that approximately \$200 USD remained in the account. The Receiver believes that Byrd took possession of these funds, which the Receiver has formally demanded be returned for the benefit of the Estate. Byrd has not complied with this demand as he has claimed an interest in said funds.
- 2.5 Receipts & Disbursements
- 2.5.1 At the time of the Substitution there were nominal funds in the accounts of Versitec and estate accounts of the Prior Receiver. The Receiver has relied upon customer accounts receivable payments to fund immediate cashflow requirements.
- 2.5.2 Pursuant to the Appointment Order, the Prior Receiver was directed to prepare and submit an interim statement of receipts and disbursements in respect of its portion of the administration of the within receivership through to February 12, 2021 (the "Prior Receiver's Interim R&D"). The Prior Receiver provided the Prior Receiver's Interim R&D to the Receiver on February 16, 2021, a copy of which is attached hereto as Appendix "E". This schedule indicates that the Prior Receiver had \$3.94 in its estate trust account at the time of the Substitution.

- 2.5.3 As can be seen, the cashflow situation at Versitec was almost non-existent at the time of the Substitution. All employees and subcontractors were owed monies for the first half of February and funds on-hand were insufficient to make these payments. Further, suppliers were demanding payment for goods and services necessary to complete orders on-hand on a cash-on-delivery basis. The Receiver was dependent on customers' accounts receivable payments arriving in order to carry on the operations, which it was able to do albeit with some payment delays. It was not clear that operations could continue irrespective of the insurance issue identified above.
- 2.5.4 Attached hereto as Appendix "F" is the Receiver's Interim Statement of Receipts and Disbursements for the period February 12, 2021 to April 20, 2021. At this time, the Receiver has \$3,976.52 CAD in its estate trust accounts.

3.0 SALE PROCESS

3.1 Introduction

3.1.1 On February 9, 2021, the Receiver filed the Preliminary Report in support of a motion brought by the Prior Receiver for an order, inter alia, approving the SISP.

3.1.2 On February 12, 2021, the Honourable Justice Koehnen issued the Appointment Order approving, inter alia, the SISP and the procedures proposed to govern the SISP (the "Bidding Procedures"). The Bidding Procedures, as outlined in the Preliminary Report and subsequently amended, are set out in greater detail in Appendix "G" attached hereto.

3.1.3 The timeline for the Bidding Procedures is set out in the table below:

Milestone	Deadline
Motion for the appointment of Substitute Receiver and approval of SISP	Friday, February 12, 2021
Upon appointment and approval of SISP, the Substitute Receiver will contact any identified potential purchasers and invite them to submit a bid for the Property	Within 5 days of appointment and SISP approval
Advertise the sale of the Property in the National Post (National Edition), and online or otherwise as considered appropriate by the Substitute Receiver	Within 5 days of appointment and SISP approval
Information pertaining to this opportunity will be posted on the Substitute Receiver's website, which will include <ul style="list-style-type: none"> ● Invitation for Offers to purchase the Property or invest in the Business; ● Confidentiality and Non-Disclosure Agreement 	Within 5 days of appointment and SISP approval
Interested parties given access to additional data, data room and be provided with an opportunity to conduct site visits (subject to receipt of a signed confidentiality agreement)	Over a period of 10 weeks
Deadline for submission of qualifying bids	4:00 PM (EST) on Thursday, April 15, 2021 (the "Bid Deadline")

Substitute Receiver evaluates bids received and selects winning bid; return deposits to bidders that are determined not to be successful and are not asked to stand as a “back up” transaction (if applicable)	Within 2 business days of Bid Deadline
Finalize asset purchase agreement (“APA”) and/or alternate transaction document (“Investment Agreement”) in connection with winning bid	ASAP after selection of winning bid
Seek Court approval of transaction with winning bidder and approval and vesting order	Within 10 days of finalizing APA or Investment Agreement, subject to Court availability
Close sale or alternate transaction	Within 3 days of Court approval
Unsuccessful bidders to return all confidential materials to the Substitute Receiver, and applicable deposits refunded	Within 1 week of closing the sale

3.1.4 The original Bid Deadline was to be 4:00 PM on April 23, 2021. However, due to slight delays in launching the SISP caused by operational matters that the Receiver was required to address, the Bid Deadline was extended to April 30, 2021, to give interested parties additional time to conduct due diligence. The Receiver made this decision at a time when it was believed that Versitec represented a going concern sale.

3.1.5 Once the Receiver determined that it was unable to obtain appropriate liability insurance and the decision to halt operations was made, it then became appropriate to shorten the due diligence period in an attempt to minimize the perceived damage caused to Versitec’s goodwill by not operating. The Receiver then notified all participants in the SISP that the revised Bid Deadline was 4:00 PM on April 15, 2021 (the “Revised Bid Deadline”).

3.2 Sale Process

- 3.2.1 Pursuant to the Bidding Procedures, the Receiver began marketing the Property by:
- a) Developing an information teaser and non-disclosure agreement (“NDA”) which was emailed directly to twenty-two (22) identified potential bidders;

- b) Establishing a secure data room (the "Data Room") and confidential information memorandum and granted access to same for those parties that signed the NDA;
- c) Publishing a notice in the March 3, 2021 edition of the National Post (Financial Post section) advertising the opportunity, a copy of which is attached hereto as Appendix "H" ;
- d) Advertising the opportunity in the digital marine industry focused newsletter published by MaritimePropulsion.com, a copy of which is attached hereto as Appendix "I". This advertisement was sent out twice per week from March 9th to April 10th to approximately 87,000 registered recipients;

3.2.2 In total, eleven (11) parties signed the NDA and were granted access to the Data Room. Of these, two (2) parties submitted binding offers prior to the Revised Bid Deadline. No party expressed concerns about the Revised Bid Deadline.

3.2.3 Additionally, the Receiver obtained two separate appraisals for the molds and equipment of Versitec. These appraisals were prepared on a forced liquidation basis.

3.2.4 The Data Room included copies of various documents, including:

- the confidential information memorandum;
- listings of inventory, molds and equipment;
- financial statements for 2018 - 2020;
- accounts payable listing;
- organization chart;
- premises lease;
- pictures and video of assets and premises;
- quality certifications; and
- offer documents.

3.2.5 The Receiver supplied the materials that were available to the Receiver and which it believed were necessary for prospective purchasers to evaluate the opportunity and put forth their best bid for the assets.

3.2.6 Pursuant to the Sale Process, binding offers (each, a "Bid"), made in the form of a template asset purchase agreement (the "Template Sale Agreement") accompanied by a deposit in an amount equal to a percentage of the purchase price, must have been submitted to the Receiver by the Revised Bid Deadline.

- 3.2.7 The form of Template Sale Agreement included market-standard terms used in an insolvency sale process. A copy of the Template Sale Agreement is attached hereto as Appendix "J" .
- 3.3 Bids
- 3.3.1 As of 4:00 p.m. Toronto time on Thursday, April 15, 2021, a total of two (2) bids (the "Bids") were received. A comparison summary of the Bids received is attached as Confidential Appendix 1 to this Second Report. Confidential Appendix 1 contains sensitive business information and should be sealed by the Court pending completion of the Transaction or further order of the Court
- 3.3.2 The Template Sale Agreement was consistent with a sale of this nature and purchasers were entitled to incorporate amendments for the Receiver's consideration. No potential bidder raised any issues or concerns regarding the Template Sale Agreement or the Bidding Procedures.
- 3.4 Identification of Successful Bidder
- 3.4.1 The Receiver considered the Bids that had been submitted in respect of the Property, taking into consideration a number of factors, including: (a) the purchase price and how it compared to the Appraisals; (b) conditions to closing the Transaction; and, (c) the provision of a substantial deposit.
- 3.4.2 The Receiver considered the Bids with a view to selecting the Bid that would have the most certainty of closing and that would maximize the value realized to the estate. After consideration of the Bids and discussions with both bidders wherein each bidder was asked to resubmit their final and best offer, the final bid submitted by CRUG Ltd. was identified as the successful bid (the "Sale Agreement"). The Receiver consulted with LCX, the secured lender in the proceedings, and LCX advised that it supports the transaction contemplated in the Sale Agreement.
- 3.5 Asset Purchase Agreement
- 3.5.1 As noted above, the Receiver and CRUG ultimately entered into the Sale Agreement, which is dated April 14, 2021 and remains subject to Court approval. A redacted copy of the Sale Agreement is attached hereto as Appendix "K" . A non-redacted copy of the Sale Agreement is attached as Confidential Appendix 2 to this Second Report. Confidential Appendix 2 contains sensitive business information and should be sealed by the Court pending completion of the Transaction or further order of the Court.
- 3.5.2 As originally submitted by the bid deadline of April 15, 2021, the Sale Agreement was substantially identical to the Template Sale Agreement, with the addition of a Purchase Price being set out and minor changes.
- 3.5.3 The Sale Agreement dated April 14, 2021, is generally in the form of the Template Sale Agreement. Among other things:
- a) notable "Excluded Assets" include receivables and property leases;

- b) the "Purchase Price" contemplates a cash payment; and
- c) the Purchaser is not taking on any employees of Versitec.

3.5.4 The Receiver believes that the terms and price of the Sale Agreement are commercially reasonable.

4.0

SERVICE OF THE WITHIN MOTION

4.1.1 In addition to serving all parties who have registered security interests against Versitec, the Receiver has served, among others, the following:

- ProCim Inc. - third-party manufacturing partner of Versitec
- David Taylor - the majority shareholders of Versitec
- Reuben Byrd - contractor with Prior Receiver

5.0

CONCLUSION

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

- a) approving this report and the actions of the Receiver described herein;
- b) approving the Sale Agreement and authorizing the Receiver to complete the Transaction contemplated therein;
- c) upon completion of the Transaction (as evidenced by the Receiver filing a certificate certifying same), vesting the Purchased Assets (as defined in the Sale Agreement) in the Purchaser, as set out in the draft Approval and Vesting Order; and
- d) sealing the Confidential Appendices pending completion of the Transaction or further order of the Court.

All of which is respectfully submitted this 23rd day of April, 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 2D

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	TUESDAY, THE 4 th
)	
JUSTICE GILMORE)	DAY OF MAY, 2021

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

APPROVAL AND VESTING ORDER

THIS MOTION, made by BDO Canada Ltd., in it's capacity as substitute receiver (in such capacity, the "**Substitute Receiver**"), without security, over all of the assets, undertakings and properties (the "**Property**") of Versitec Marine USA Inc. ("**Versitec USA**") and 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("**Versitec Canada**" and together with Versitec USA, the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, for an order approving the sale transaction (the "**Transaction**") contemplated by a purchase and sale agreement (the "**Sale Agreement**") between the Substitute Receiver and Crug Ltd. (the "**Purchaser**") dated April 14, 2021 and appended to the second report of the Substitute Receiver

dated April 23, 2021 (the "**Report**"), and vesting in the Purchaser the Debtors' right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard virtually by "Zoom" videoconference on this day in Toronto, Ontario.

ON READING the Report and on hearing the submissions of counsel for the Substitute Receiver and counsel to such other parties as reflected in the counsel slip, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of Amanda Adamo, sworn April 23, 2021, filed:

1. **THIS COURT ORDERS** that the time for service and filing of the 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 AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Substitute Receiver is hereby authorized and approved, with such minor amendments as the Substitute Receiver deems necessary. The Substitute Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

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 "**Substitute Receiver's Certificate**"), all of the Debtors' right, title and interest in and to the Purchased Assets as described and defined in the Sale Agreement 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 Gilmore dated March 9, 2020; (ii) any encumbrances or charges created by the Orders of the Honourable Justice Koehnen dated February 21, 2021, (iii) 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 (iv) those Claims listed on Exhibit “C” hereto (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

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

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

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.

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 the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor,

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of either or both of the Debtors and shall not be void or voidable by creditors of either or both 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, the United States, United Kingdom or Europe, 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.

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

A handwritten signature in blue ink, appearing to read "C. Justice Gilmore", is written above a horizontal line.

The Honourable Justice Gilmore

EXHIBIT "A"**FORM OF SUBSTITUTE 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-

**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

SUBSTITUTE RECEIVER'S CERTIFICATE**RECITALS**

A. Pursuant to an Order of the Honourable Justice Gilmore of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated March 9, 2020, Morgan & Partners Inc. was appointed as the receiver (the "**Receiver**") of receiver (in such capacity, the "**Receiver**") over all of the assets, undertakings and properties of Versitec Marine USA Inc. ("**Versitec USA**") and certain assets of 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("**Versitec Canada**") and together with Versitec USA, the "**Debtors**";

B. Pursuant to Orders of the Honourable Justice Koehnen of the Court dated February 12, 2021, the Receiver was discharged from its active duties and BDO Canada Ltd. was appointed substitute receiver (the "**Substitute Receiver**") of all assets, undertakings and property of the Debtors that was acquired for or used in relation to a business carried on the by the Debtors;

C. Pursuant to an Order of the Court dated May 4, 2021, the Court approved the purchase and sale agreement dated April 14, 2021 (the "Sale Agreement") between the Substitute Receiver and Crug Ltd. or an affiliate of Crug Ltd. (in either scenario, the "Purchaser") and provided for the vesting in the Purchaser of the Debtors' right, title and interest in and to the Purchased Assets (as defined therein), which vesting is to be effective upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing set out in the Sale Agreement have been satisfied or waived by the Substitute Receiver and the Purchaser; and (iii) the transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Substitute Receiver.

D. 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 Substitute Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. the conditions to Closing set out in the Sale Agreement have been satisfied or waived by the Substitute Receiver and the Purchaser; and
3. the transaction contemplated by the Sale Agreement has been completed to the satisfaction of the Substitute Receiver.
4. This Certificate was delivered by the Substitute Receiver at <●> on <●>, 2021.

**BDO CANADA LTD., in its capacity as
Court-appointed substitute receiver of all
assets, undertakings and property of the
1635536 Ontario Inc. and Versitec Marine
USA Inc., and not in its personal capacity**

Per: _____
Name: Peter Crawley
Title: Vice President

Applicant

Respondents

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

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

Proceedings commenced at Toronto

**SUBSTITUTE RECEIVER'S
CERTIFICATE**

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

Thomas P. Lambert
LSO No.: 70354T
t. 416.748.5145
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*Lawyers for the Court-appointed Substitute
Receiver, BDO Canada Ltd.*

Applicant

Respondents

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

**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

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e. tlambert@loonix.com

*Lawyers for the court-appointed Substitute
Receiver, BDO Canada Ltd.*

TAB 2E

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	TUESDAY, THE 4 th
)	
JUSTICE GILMORE)	DAY OF MAY, 2021

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

ORDER

(Administrative Relief)

THIS MOTION, made by BDO Canada Ltd., in it's capacity as substitute receiver (in such capacity, the "**Substitute Receiver**"), without security, over all of the assets, undertakings and properties (the "**Property**") of Versitec Marine USA Inc. ("**Versitec USA**") and 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("**Versitec Canada**" and together with Versitec USA, the "**Debtors**") acquired for an order, *inter alia*:

1. approving the second report (the "**Second Report**") of the Substitute Receiver, as well as the activities of the Substitute Receiver described therein; and
2. sealing the confidential appendices to the Second Report,

was heard virtually by “Zoom” videoconference on this day in Toronto, Ontario.

ON READING the Second Report and on hearing the submissions of counsel for the Substitute Receiver and counsel to such other parties as reflected in the counsel slip, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of Amanda Adamo, sworn April 23, 2021, filed:

1. **THIS COURT ORDERS** that the Second Report and activities of the Substitute Receiver described therein are hereby approved.
2. **THIS COURT ORDERS** that the confidential appendices to the Second Report be are hereby sealed pending completion of the transaction between the Substitute Receiver and Crug Ltd. or its affiliate or further order of this Court.
3. **THIS COURT ORDERS** that this order is effective from today’s date and is enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read "C. Justice Gilmore", is written above a horizontal line.

The Honourable Justice Gilmore

Applicant

Respondents

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

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

Proceedings commenced at Toronto

ORDER
(Administrative Relief)

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

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e. tlambert@loonix.com

*Lawyers for the court-appointed Substitute
Receiver, BDO Canada Ltd.*

TAB 2F

Estate No: 32-159160
32-159161

IN THE MATTER OF THE RECEIVERSHIP OF
1635536 Ontario Inc. o/a Versitec Marine & Industrial and
Versitec Marine USA Inc.
Statement of Receipts and Disbursements
For the period February 12 to June 4, 2021

Receipts			
Cash in bank		\$	6,029.35
Collection of accounts receivable			138,066.50
Covid term loan			18,407.97
H.S.T. collected			58,213.59
Sale of assets en-bloc			447,796.88
			4.01
Total receipts			<u>668,518.30</u>
Disbursements			
Accounting			4,320.00
Advertising			2,294.13
Appraisals			2,500.00
Bank charges			2,054.60
Change of locks			87.00
Equipment leases			1,792.77
Insurance			4,169.59
H.S.T. paid on disbursements			9,809.83
I.T. Consultant			1,405.22
Legal fees			19,033.17
Payroll			48,677.40
Payroll remittances			9,845.65
Purchases			24,041.78
Receiver's fees			35,969.00
Rent			16,850.27
Shipping & customs clearing			5,820.90
Subcontractor			2,526.20
Telephone & Internet			2,600.23
Travel			125.00
Utilities			3,301.52
Other			1,122.40
Total disbursements			<u>198,346.64</u>
Receipts over disbursements		\$	<u>470,171.66</u>
	CAD		199,940.66
	USD		<u>226,300.43</u>
Available funds as at June 4, 2021 (stated in CAD \$)		1.194	<u>\$ 470,171.66</u>

TAB 2G

Canada Revenue Agency
Agence du revenu
du Canada

London-Windsor Tax Services Office

451 Talbot Street, London ON N6A 5E5

Fax Cover Sheet / Page couverture – transmission par télécopieur

From / De: Daniela Pesikan
INSOLVENCY OFFICER

Fax / Télécopie: (519) 675-3250
Phone / Téléphone: (905)516-0763 Cell

To / À:CC BDO Canada Ltd

Phone / Téléphone: 289-678-0243
Fax / Télécopie: 905-570-0249
Date: April 29, 2021

Pages sent / Pages envoyées: 3
(Including Cover / Incluant page couverture)

Attn: Peter Crawley

Re: 1635536 ONTARIO INC.
Estate Number: 32-159160

Please see the attached claim letter for the source deductions account.

Should you have any questions, please contact Daniela Pesikan at (905)516-0763.

Thank you for your cooperation with regards to this matter.

This fax may be privileged and/or confidential. The sender does not waive any related rights and obligations. Any distribution, use or copying of this fax or the information it contains by other than an intended recipient is unauthorized. If you received this in error, please advise immediately.

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Canada



Canada Revenue Agency
Agence du revenu
du Canada

117

Tax Centre
Toronto ON M5J 2X6

April 29, 2021

1635536 ONTARIO INC.
C/O BDO CANADA LTD.
25 MAIN ST W
HAMILTON ON L8P 1H1

Account Number
85406 1173 RP0001

Dear Sir or Madam:

Subject: 1635536 ONTARIO INC.
Account number: 85406 1173 RP0001

We were told that you have been appointed as receiver for the above-named. There is a debt owed to the Canada Revenue Agency for source deductions amounting to \$122,322.02 for income tax and Canada Pension Plan (CPP) contributions, as well as employment insurance (EI) premiums.

Details of the debt are as follows:

Tax deductions:	\$ 58,360.39
CPP:	\$ 14,526.30
EI:	\$ 4,311.27
Penalties and interest:	\$ 45,124.06
Total:	\$122,322.02

Further to the Income Tax Act, the Canada Pension Plan, and the Employment Insurance Act, the following amounts, which are included in the above totals, are trust funds and form no part of the property, business, or estate of 1635536 ONTARIO INC. in receivership.

Federal income tax:	\$46,706.55
Provincial income tax:	\$11,653.84
CPP employee part:	\$ 5,272.15
EI employee part:	\$ 1,796.36
Total:	\$65,428.90

Payment for the total amount of this trust, namely \$65,428.90, must be made to the Receiver General for Canada out of the realization of any property that is subject to these statutory trusts in priority to all other creditors.

.../2

National Insolvency Office
1 Front Street West
2nd Floor Suite 100
Toronto ON M5J 2X6

Local : 905-516-0763
Fax : 416-954-6411
Web site : canada.ca/taxes

Please let us know when payment of this trust amount and the remaining balance of \$56,893.11 will be made.

This letter also serves as notice that should payment be made for any amount described in subsection 153(1) of the Income Tax Act for periods before or after your appointment, you must withhold tax deductions and remit payments in accordance with that subsection and sections 101 and 108 of the Income Tax Regulations.

Also, see section 5 of the Employment Insurance Act and section 8 of the Canada Pension Plan Regulations.

For more information or clarification, please call me at (905)516-0763.

Yours truly,



for D. Pesikan (1213)
Collections Officer-Insolvency

TAB 2H

June 11 2021
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

Mr. Crawley,

Re: Review of security granted by 1635536 Ontario Inc. (the “Company”) to Liquid Capital Exchange Corp. (the “Factoring Agent”)

At your request, we have reviewed the security granted by the Company to the Factoring Agent in connection with certain funds that we understand were advanced by the Factoring Agent to the Company pursuant to a purchase and sale agreement dated as of June 21, 2017. We undertake the analysis herein with a view to forming an opinion as to the enforceability of the security as against the Company’s personal property situate in Ontario.

This report is provided solely for the benefit of BDO Canada Ltd., in its capacity as substitute receiver (in such capacity, the “**Substitute Receiver**”), without security, over all of the assets, undertakings and properties of the Company and Versitec Marine USA Inc. (“**Versitec USA**”) and may not be used or relied upon by any other person or for any other purpose without our prior express written consent.

The Factoring Agreement

We have reviewed a copy of a purchase and sale agreement dated as of June 21, 2017 (the “**Factoring Agreement**”), made by and between the Company and Versitec USA, each as a seller, and the Factoring Agent, as purchaser, which we have assumed to be a true copy of the same.

Pursuant to the Factoring Agreement, the Company agreed to sell and the Factoring Agent agreed purchase all of the Company’s right, title and interest in and to certain accounts arising from the sale of goods or rendering of services by the Company in the ordinary course of its business (each a “**Factored Account**” and collectively the “**Factored Accounts**”). In consideration of the Factoring Agent’s acquisition of the Factored Accounts, the Factoring Agent advanced to the Company an amount up to the face value of each invoice less an applicable discount fee (the

collective amount of advances made by the Factoring Agent is hereinafter referred to as the “**Indebtedness**”). In conjunction with the execution of the Factoring Agreement, pursuant to a guarantee and postponement agreement dated as of June 21, 2017 (the “**Guarantee**”), the Company guaranteed all present and future debts owed by Versitec USA to the Factoring Agent (the amount owed by the Company under the Guarantee is hereinafter also referenced as the “**Indebtedness**”).

The Factoring Agreement is executed by David Taylor (“**Mr. Taylor**”), identified as being the President of the Company, on behalf of the Company. We have assumed that the Factoring Agreement has been executed by the appropriate person, within the scope of the authority of such person, that value was advanced by the Factoring Agent to Company thereunder; and, that the Factoring Agreement represents a valid and subsisting obligation of the Company to the Factoring Agent.

Security

In addition to providing a general grant of security in the Factoring Agreement to the Factoring Agent, the Company provided the Factoring Agent with a general security agreement dated as of June 21, 2017 (the “**General Security Agreement**”) as security for its obligations to the Factoring Agent.

A. General Security Agreement

We have reviewed a copy of the General Security Agreement between the Company and the Factoring Agent, which we have assumed to be a true copy of the same. Pursuant to the General Security Agreement, as security for the payment and performance of any and all obligations, indebtedness and liability of the Company to the Factoring Agent, present or future, direct or indirect, absolute or contingent, matured or unmatured, extended or renewed, wheresoever and howsoever incurred, the Company provided the Factoring Agent with a security interest in all of its personal property including, without limitation, equipment, inventory, accounts, intangibles, documents of title, contractual rights and money (the “**Collateral**”). The General Security Agreement appears to have been executed by Mr. Taylor, who is identified as being the President of the Company.

We have assumed that the General Security Agreement, and the registration thereof, was authorized by the appropriate person, within the scope of the authority of such person, and that the General Security Agreement represents a valid and subsisting agreement between the Company and the Factoring Agent.

Security Searches

A. Personal Property Security

We have obtained and reviewed a search under the *Personal Property Security Act* (Ontario) (“**PPSA**”) in respect of the Company, current to May 10, 2021. The search discloses the following registrations:

- a registration in favour of the Business Development Bank of Canada (“**BDC**”) against “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included”, registered on June 11, 2014, under file no. 697035501 and registration no. 20140611 1625 2611 6669, expiring June 11, 2027;
- a registration in favour of GM Financial Canada Leasing Ltd., in “consumer goods”, “equipment”, “other” and “motor vehicle included”, registered on May 15, 2017, under file no. 727632207 and registration number 20170515 1040 1529 6509, expiring on May 15, 2021;
- a registration in favour of the Factoring Agent in “inventory”, “equipment”, “accounts”, “other” and “motor vehicle included”, registered on June 16, 2017, under file no. 728835813 and registration number 20170616 1601 1793 7011, expiring on June 16, 2022;
- a registration in favour of Premium Capital Group, Inc. in “consumer goods”, “inventory”, “equipment”, “accounts” and “other”, registered on June 29, 2018, under file no. 741117015 and registration number 20180629 1744 6083 3900, expiring on June 29, 2023; and
- a registration in favour of Merchant Advance Capital in “consumer goods”, “inventory”, “equipment” and “accounts”, registered on November 14, 2018, under file no. 745821432 and registration number 20181114 0950 6083 7346, expiring on November 14, 2021.

We have assumed that the information contained in the PPSA search is correct, accurate and complete, and that monies or other consideration were advanced by the Factoring Agent to the Company such that the Company acquired value from Factoring Agent, such that the security interest granted and now held by the Factoring Agent attached and is perfected under prevailing laws, and continues to be so registered, attached and perfected as of the date hereof.

A complete copy of the PPSA search is attached hereto as Appendix “A”.

We have been provided with a copy of an Assignment and Priorities Agreement (the “**Priorities Agreement**”) by and between BDC and the Factoring Agent, which we have assumed to be a true copy of the same. Pursuant to the Priorities Agreement:

- (i) BDC assigned to the Factoring Agent all of its right, title and interest in and to a portion of the indebtedness of the Company to BDC and the security then held or held in the future by BDC in respect of the Company's obligations to BDC;
- (ii) it is noted in the preamble of the Priorities Agreement that the parties have agreed that the Factoring Agent's security is to have priority over any security held by BDC now or in the future (an "**Intended Purpose**"); and
- (iii) pursuant to section 3(a), in the event the Priorities Agreement is defective in accomplishing the intentions of the parties then, *inter alia*, it is understood and agreed that the Factoring Agent's security would rank in priority to BDC's security with respect to all of the property and assets of the Company or any kind or nature covered by the General Security Agreement.

The Priorities Agreement appears defective insofar as it does not, in first instance, actually subordinate BDC's security to the Factoring Agent's security – i.e., an Intended Purpose. However, the assigned BDC security is subordinated in all respects to the Factoring Agent's security interest pursuant to clause 3(a) of the Priorities Agreement. This is a nuance of the agreement that is discussed here for thoroughness, but does not factor into the rights of the Factoring Agent to assert claims under its security or that of the assigned BDC security.

We have assumed that the Priorities Agreement represents a valid and subsisting agreement between the Company and BDC such that the Factoring Agent maintains priority over the pre-existing registration in favour of BDC.

B. Bank Act Search

We have obtained a search certificate issued by the Authorized Section 427 Bank Act Registrar.

The certificate is in respect of Versitec Canada, dated May 11, 2021, which indicates that no "Notice of Intention to Give Security" under section 427 of the *Bank Act* (Canada) has been filed in respect of Versitec Canada.

A copy of the Bank Act security search is attached hereto collectively as Appendix "B".

Assumptions and Qualifications

Specific Assumptions

- None.

Specific Qualifications

- Notwithstanding the assignment of BDC's security to the Factoring Agent, we have not reviewed the BDC security as we understand that, given the Priorities Agreement and, the

Factoring Agent is only relying on its existing security to seek payment on indebtedness, existing or future, owing by the Company.

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 "C" attached hereto.

Conclusion

Subject to the assumptions and qualifications above and those set out in the Appendix "C" hereto, it is our opinion that the general security interests granted by the Company to the Factoring Agent, as it concerns Collateral situated in Ontario, 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,



LOOPSTRA NIXON LLP

Encl.

APPENDIX "A"
PPSA SEARCH RESULTS

(see attached)

Enquiry Result

File Currency: 10MAY 2021







[Show All Pages](#)

Note: All pages have been returned.

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.								
File Currency	10MAY 2021								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	697035501	1	5	1	12	11JUN 2027			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
697035501		001	1		20140611 1625 2611 6669	P PPSA	09		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	1635536 ONTARIO INC.								
	Address			City	Province	Postal Code			
	4 STONEBRIDGE DRIVE, UNIT 4			PORT COLBORNE	ON	L3K 5V4			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	BUSINESS DEVELOPMENT BANK OF CANADA								
	Address			City	Province	Postal Code			
	39 QUEEN STREET, SUITE 100,P.O. BOX 1193			ST. CATHARINES	ON	L2R 7A7			
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.								

Registering Agent	Registering Agent			
	BDC (AC - 071655-02)			
Address	City	Province	Postal Code	
121 KING STREET WEST, SUITE 1200	TORONTO	ON	M5H 3T9	

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.								128
File Currency	10MAY 2021								
	File Number	Family	of Families	Page					of Pages
	697035501	1	5	2					12
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		001	1		20141217 0959 2611 7587				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	697035501			B RENEWAL	03				
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	1635536 ONTARIO INC.								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model			V.I.N.	
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	BDC JG - 071655-03								

	Address	City	Province	Postal Code
	121 KING STREET WEST, SUITE 1200	TORONTO	ON 129	M5H 3T9

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.								130
File Currency	10MAY 2021								
	File Number	Family	of Families	Page					of Pages
	697035501	1	5	3					12
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		001	2		20141218 0937 2611 7595				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	697035501			A AMNDMNT					
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	1635536 ONTARIO INC.								
Other Change	Other Change								
Reason / Description	Reason / Description								
	TO CORRECT DEBTOR POSTAL CODE. TO ADD OPERATING NAME. TO REMOVE GENERAL COLLATERAL DESCRIPTION.								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	1635536 ONTARIO INC.								
	Address				City	Province	Postal Code		
	4 STONEBRIDGE DRIVE, UNIT 4				PORT COLBORNE	ON	L3K 5V5		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model			V.I.N.	
	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	BDC JG - 071655-03								

	Address	City	Province	Postal Code
	121 KING STREET WEST, SUITE 1200	TORONTO	ON 131	M5H 3T9

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.								132
File Currency	10MAY 2021								
	File Number	Family	of Families	Page					of Pages
	697035501	1	5	4					12
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		002	2		20141218 0937 2611 7595				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	697035501								
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	VERSITEC MARINE AND INDUSTRIAL								
	Address				City	Province	Postal Code		
	4 STONEBRIDGE DRIVE, UNIT 4				PORT COLBORNE	ON	L3K 5V5		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model			V.I.N.	
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								

	Address	City	Province	Postal Code
			133	

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.								134
File Currency	10MAY 2021								
	File Number	Family	of Families	Page					of Pages
	697035501	1	5	5					12
FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT									
	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule Attached	Registration Number			Registered Under	
		001	1		20150817 1229 2611 9044				
Record Referenced	File Number	Page Amended	No Specific Page Amended	Change Required	Renewal Years	Correct Period			
	697035501			B RENEWAL	01				
Reference Debtor/ Transferor	First Given Name			Initial	Surname				
	Business Debtor Name								
	1635536 ONTARIO INC.								
Other Change	Other Change								
Reason / Description	Reason / Description								
Debtor/ Transferee	Date of Birth	First Given Name			Initial	Surname			
	Business Debtor Name							Ontario Corporation Number	
	Address				City	Province	Postal Code		
Assignor Name	Assignor Name								
Secured Party	Secured party, lien claimant, assignee								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model			V.I.N.	
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent or Secured Party/ Lien Claimant								
	BDC JG - 071655-04								

	Address	City	Province	Postal Code
	121 KING STREET WEST, SUITE 1200	TORONTO	ON 135	M5H 3T9

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.						136		
File Currency	10MAY 2021								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	727632207	2	5	6	12	15MAY 2021			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
727632207		01	001		20170515 1040 1529 6509	P PPSA	4		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	1635536 ONTARIO INC								
	Address				City	Province	Postal Code		
	4-4 STONEBRIDGE DRIVE				PORT COLBORNE	ON	L3K 5V5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	GM FINANCIAL CANADA LEASING LTD.								
	Address				City	Province	Postal Code		
	2001 SHEPPARD AVE. STE 600				TORONTO	ON	M2J 4Z8		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	X		X		X	X	52908	30APR2021	
Motor Vehicle Description	Year	Make			Model		V.I.N.		
	2017	CHEVROLET TRUCKS			SILVERADO 1500 4WD		1GCVKREC5HZ282750		
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	CANADIAN SECURITIES REGISTRATION SYSTEMS								
	Address				City	Province	Postal Code		
	4126 NORLAND AVENUE				BURNABY	BC	V5G 3S8		

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.						137		
File Currency	10MAY 2021								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	728835813	3	5	7	12	16JUN 2022			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
728835813		001	1		20170616 1601 1793 7011	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	1635536 ONTARIO INC.								
	Address				City	Province	Postal Code		
	4 STONEBRIDGE DRIVE, UNIT 4				PORT COLBORNE	ON	L3K5V4		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	VERSITEC MARINE & INDUSTRIAL								
	Address				City	Province	Postal Code		
	4 STONEBRIDGE DRIVE, UNIT 4				PORT COLBORNE	ON	L3K5V4		
Secured Party	Secured Party / Lien Claimant								
	LIQUID CAPITAL EXCHANGE CORP.								
	Address				City	Province	Postal Code		
	5734 YONGE STREET, SUITE 400				TORONTO	ON	M2M4E7		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	LIQUID CAPITAL EXCHANGE CORP.								
	Address				City	Province	Postal Code		
	5734 YONGE STREET, SUITE 400				TORONTO	ON	M2M4E7		

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.							138	
File Currency	10MAY 2021								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	741117015	4	5	8	12	29JUN 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
741117015		001	3		20180629 1744 6083 3900	P PPSA	5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	1635536 ONTARIO INC.								
	Address				City	Province	Postal Code		
	4 STONEBRIDGE DRIVE, UNIT 4				PORT COLBORNE	ON	L3K 5V5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	VERSITEC MARINE AND INDUSTRIAL								
	Address				City	Province	Postal Code		
	4 STONEBRIDGE DRIVE, UNIT 4				PORT COLBORNE	ON	L3K 5V5		
Secured Party	Secured Party / Lien Claimant								
	PREMIUM CAPITAL GROUP, INC.								
	Address				City	Province	Postal Code		
	5852B FARINGDON PLACE				RALEIGH	NC	27609		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	X	X	X	X	X		82600	28JUN2022	
Motor Vehicle Description	Year	Make			Model		V.I.N.		
General Collateral Description	General Collateral Description								
	ALL DEBTOR'S PERSONAL PROPERTY WHEREVER LOCATED, WHETHER NOW OWNED								
	OR HEREAFTER ACQUIRED. INCLUDING, WITHOUT LIMITATION (A) ACCOUNTS,								
	INCLUDING, WITHOUT LIMITATION, PAYMENT CARD RECEIVABLES, WHETHER NOW								
Registering Agent	Registering Agent								
	ESC CORPORATESERVICES LTD. (CSC) SS								
	Address				City	Province	Postal Code		
	445 KING STREET				TORONTO	ON	M5V 1K4		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.							139	
File Currency	10MAY 2021								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	741117015	4	5	9	12	29JUN 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
741117015		002	3		20180629 1744 6083 3900				
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	EXISTING OR CREATED IN THE FUTURE (B) CHATTEL PAPER (C) INVENTORY								
	(D) EQUIPMENT (E) INSTRUMENTS, INCLUDING PROMISSORY NOTES (F)								
	INVESTMENT PROPERTY (G) DOCUMENTS AND (H) PROCEEDS AND PRODUCTS OF								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.							140	
File Currency	10MAY 2021								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	741117015	4	5	10	12	29JUN 2023			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
741117015		003	3		20180629 1744 6083 3900				
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	THE FOREGOING. DEBTOR CANNOT FURTHER ENCUMBER ANY OF ITS PERSONAL PROPERTY WITHOUT SECURED PARTY WRITTEN AUTHORIZATION.								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

END OF FAMILY

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.							141	
File Currency	10MAY 2021								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	745821432	5	5	11	12	14NOV 2021			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
745821432		001	2		20181114 0950 6083 7346	P PPSA	3		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	1635536 ONTARIO INC.								
	Address				City	Province	Postal Code		
	4 STONEBRIDGE DR, UNIT 4				PORT COLBORNE	ON	L3K 5V5		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	VERSITEC MARINE								
	Address				City	Province	Postal Code		
	4 STONEBRIDGE DR, UNIT 4				PORT COLBORNE	ON	L3K 5V5		
Secured Party	Secured Party / Lien Claimant								
	MERCHANT ADVANCE CAPITAL								
	Address				City	Province	Postal Code		
	2000-1500 WEST GEORGIA STREET				VANCOUVER	BC	V6G 2Z6		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
	X	X	X	X					
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTORS, INCLUDING, BUT NOT LIMITED TO, THE FUTURE DEBIT/CREDIT CARD RECEIVABLES OF THE DEBTORS								
Registering Agent	Registering Agent								
	MERCHANT ADVANCE CAPITAL								
	Address				City	Province	Postal Code		
	2000-1500 WEST GEORGIA STREET				VANCOUVER	BC	V6G 2Z6		

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	1635536 ONTARIO INC.						142		
File Currency	10MAY 2021								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	745821432	5	5	12	12	14NOV 2021			
FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
745821432		002	2		20181114 0950 6083 7346				
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
	14JUN1965	DAVID				TAYLOR			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
	518 KING STREET				PORT COLBORNE	ON	L3K 4H6		
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address				City	Province	Postal Code		
Secured Party	Secured Party / Lien Claimant								
	Address				City	Province	Postal Code		
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								
Registering Agent	Registering Agent								
	Address				City	Province	Postal Code		

LAST PAGE

Note: All pages have been returned.

[BACK TO TOP](#)



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APPENDIX "B"
BANK ACT SEARCH
(see attached)

Confirmation Letter / Lettre de confirmation**Teranet Collateral Management Solutions Corporation / Teranet Solutions de gestion des garanties**

Suite 200, 4126 Norland Avenue, Burnaby, BC V5G 3S8

Authorized Section 427 Bank Act Registrar / Bureau d'enregistrement autorisé conformément à l'article 427 de la *Loi sur les banques*.

2021/05/11 09:57:51 AM PDT

Dye & Durham Corporation
4610-199 Bay Street
Toronto, Ontario
M5L 1E9

Ref / Objet: 05007724

Tel/Tél: 1-416-964-2677
Fax/Télécopie: 1-416-923-1077
e-Mail/Courriel:

Acct#: 7129

Dear Sir / Madam

Monsieur / Madame

Re: **Bank Act Security - Section 427**Objet: **Garanties données en vertu de la *Loi sur les banques* - article 427**

We have processed your request(s) and hereby confirm the following results: (*see below).

Nous avons donné suite à votre (vos) demande(s) et nous vous faisons part des résultats suivants: (* voir ci-dessous).

REFERENCE

(2) A search has been made of the [notices of intention to give security](#) under the Bank Act registered in the province of [Ontario](#). As at the date and time above, our records indicate the following.

REFERENCE

(2) Nous avons examiné [les préavis](#) qui se rapportent aux garanties données en vertu de la *Loi sur les banques* et qui sont enregistrés pour la province de: [Ontario](#). À la date et à l'heure indiquées ci-dessus.

Your search for the company[Versitec Marine USA Inc.](#)**returns the following results:****Votre recherche pour la société**[Versitec Marine USA Inc.](#)**révèle les résultats suivants:**

Type	Registration Name Enregistrement au nom de	Address Adresse	Date	Number Numéro	Bank Banque
(2)	No matches were found / Aucune donnée correspondante au registre				



For Registrar / Pour le Régistrare

We acknowledge receipt of fees as follows:

Nous accusons réception des droits prescrits dont les montants s'établissent comme suit:

Type	Fee Tarif	GST/HST TPS/TVH	Qty Qté	TOTAL	Receipt No. Numéro du reçu
(2)	\$14.00	\$0.78	1	\$14.78	05007724 - R-R-SN-W
				\$14.78	

GST-HST / TPS-TVH #: 713 901 494 RT0001

APPENDIX "C"

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 Factoring Agent were required to maintain perfected security interests under governing laws;
- (f) that the security interests granted by the Factoring Agreement and General Security Agreement 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 by pursuant to the Factoring Agreement and secured by the Factoring Agreement and General Security Agreement have actually been advanced to the appropriate parties following or, as the case may be, in advance of the execution of the Factoring Agreement and remain outstanding; and
- (k) there are no facts that would disentitle the Factoring Agent 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 Factoring Agreement and the General Security Agreement 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 Factoring Agent'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 Factoring Agent and any other creditor of the Company; and
- (e) the enforcement of the Factoring Agreement, the General Security Agreement and any other documents held by the Factoring Agent 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 21

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 June 14, 2021)

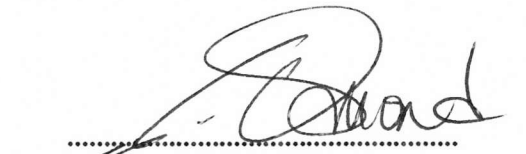
I, Peter K. Crawley, of the City of Burlington in the Province of Ontario,

MAKE OATH AND SAY:


1. I am a Vice President of BDO Canada Limited (“**BDO**”), Court appointed receiver of 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (the “**Receiver**”), and as such have knowledge of the matters hereinafter deposed.
2. The Receiver was appointed pursuant to an order of the Honourable Mr. Justice Koehnen dated February 12, 2021 (the “**Appointment Order**”).
3. Pursuant to paragraphs 18 to 21 of the Appointment 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 \$142,839.77 accurately reflects the time charges, fees and disbursements incurred by the Receiver relating to its appointment for the period January 13, 2021 to May 31, 2021. Total hours incurred during the period are 365.3 resulting in an average hourly rate of \$389.41.
5. Attached hereto as **Exhibit "A"** is a summary of the invoices issued in this matter. Attached hereto as **Exhibit "B"** are true copies of the three (3) invoices rendered by BDO in its capacity as Receiver during the period which total \$161,408.94 inclusive of applicable taxes.
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 14th)
 day of June, 2021)
)
)
)
)
)



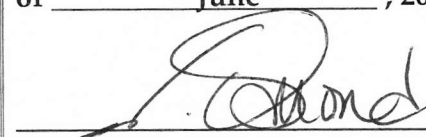
.....
 Commissioner for Taking Affidavits



Digitally signed by Crawley, Peter
 DN: cn=Crawley, Peter,
 email=pcrawley@bdo.ca
 Date: 2021.06.14 16:42:48 -
 04'00'

Peter K. Crawley

Exhibit "A"

This is Exhibit "A" to the Affidavit
of Peter K. Crawley
Sworn before me this 14th day
of June , 2021


A Commissioner, etc.

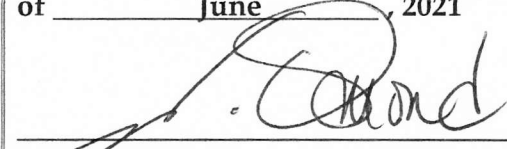
Nicole Marie Ormond, a Commissioner, etc.,
Province of Ontario, for BDO Canada Limited.
Expires August 21, 2021.

In the Matter of the Receivership of
 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc.
 Summary of Professional Fees of the Receiver
 to May 31, 2021

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

<u>Employee</u>	<u>Title</u>	<u>Rate</u>	Invoice 1027139		Invoice 1069650		Invoice 1222831		Grand Total	
			To February 28, 2021		To March 31, 2021		To May 31, 2021		<u>Hrs</u>	<u>Fees</u>
C. Mazur	Sr Vice-President	\$ 510.00	5.9	\$ 3,009.00	5.2	\$ 2,652.00	2.7	\$ 1,377.00	13.8	\$ 7,038.00
A. Consoli	Vice President	\$ 450.00		\$ -	0.3	\$ 135.00	2.3	\$ 1,035.00	2.6	\$ 1,170.00
P. Crawley	Vice President	\$ 450.00	57.3	\$ 25,785.00	89.0	\$ 40,050.00	98.2	\$ 44,190.00	244.5	\$ 110,025.00
S. Burrowes	Manager	\$ 350.00		\$ -		\$ -	0.6	\$ 210.00	0.6	\$ 210.00
Z. Fennema	Sr. Administrator	\$ 250.00	27.2	\$ 6,800.00	41.3	\$ 10,325.00	13.9	\$ 3,475.00	82.4	\$ 20,600.00
C. Casco	Staff	\$ 150.00	1.5	\$ 225.00	5.6	\$ 840.00	7.1	\$ 1,065.00	14.2	\$ 2,130.00
S. Murphy	Staff	\$ 150.00		\$ -	1.1	\$ 165.00	1.5	\$ 225.00	2.6	\$ 390.00
S. Rickards	Staff	\$ 150.00	1.0	\$ 150.00	1.3	\$ 195.00	2.3	\$ 345.00	4.6	\$ 690.00
Subtotal - fees			92.9	\$ 35,969.00	143.8	\$ 54,362.00	128.6	\$ 51,922.00	365.3	\$ 142,253.00
Disbursements				\$ -		\$ 187.33		\$ 399.44	average	\$ 389.41
H.S.T.				\$ 4,675.97		\$ 7,091.41		\$ 6,801.79		\$ 18,569.17
Grand Total				\$ 40,644.97		\$ 61,640.74		\$ 59,123.23		\$ 161,408.94

Exhibit "B"

<p>This is Exhibit <u> "B" </u> to the Affidavit of <u> **Peter Crawley </u></p> <p>Sworn before me this <u> 14th </u> day of <u> June </u>, 2021</p> <p> _____ A Commissioner, etc.</p>

Nicole Marie Ormond, a Commissioner, etc.,
Province of Ontario, for BDO Canada Limited.
Expires August 21, 2021.



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.
March 24, 2021	1635536 Ontario Inc o/a Versitec Marine & Industrial	CINV1027139

TO PROFESSIONAL SERVICES RENDERED in connection with the Receivership of 1635536 Ontario Inc o/a Versitec Marine & Industrial and Versitec Marine USA Inc. for the period commencing January 16, 2021 to February 28, 2021 inclusive per the attached detail:

Senior Vice-President		
C. Mazur	5.90	\$ 3,009.00
Vice President		
P. Crawley	57.30	\$ 25,785.00
Staff		
C. Casco	1.50	\$ 225.00
S. Rickards	1.00	\$ 150.00
Z. Fennema	27.20	\$ 6,800.00
	92.90	\$ 35,969.00
HST on BDO fees		\$ 4,675.97
Total		\$ 40,644.97
Amount Due		\$ 40,644.97

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.

Date	Name	Rate	Hours	Amount	Comments
13-Jan-21	Peter Crawley	\$ 450.00	0.50	\$ 225.00	Call with lender
13-Jan-21	Chris Mazur	\$ 510.00	0.20	\$ 102.00	Call with lender
14-Jan-21	Peter Crawley	\$ 450.00	0.50	\$ 225.00	Discuss engagement with prospective Receiver's Counsel, G. Phoenix; circulate conflict details.
15-Jan-21	Susan Rickards	\$ 150.00	1.00	\$ 150.00	New File setup
15-Jan-21	Peter Crawley	\$ 450.00	0.20	\$ 90.00	Correspond with J. Morgan and arrange meeting; update Counsel.
16-Jan-21	Peter Crawley	\$ 450.00	1.20	\$ 540.00	Prepare for introductory call with J. Morgan; call with J. Morgan and C. Ho to discuss operations and the transition; review 245/246 report; email Counsel.
21-Jan-21	Peter Crawley	\$ 450.00	0.30	\$ 135.00	Review accounting update from J. Brindley; call to S. Thom for update on First Report.
26-Jan-21	Peter Crawley	\$ 450.00	2.00	\$ 900.00	Begin preparation of preliminary report; discuss transition with G. Phoenix; obtain and review PFSA for debtors.
1-Feb-21	Peter Crawley	\$ 450.00	0.30	\$ 135.00	Update discussion with Counsel.
3-Feb-21	Peter Crawley	\$ 450.00	2.50	\$ 1,125.00	Drafting report; further development of SISF and instructions to ZF.
3-Feb-21	Chris Mazur	\$ 510.00	0.30	\$ 153.00	Attend regarding report to court.
4-Feb-21	Peter Crawley	\$ 450.00	0.80	\$ 360.00	Discuss draft report with C. Mazur; edit and send to Counsel for review; query to J. Morgan re: RP account and appraisals; review response from J. Morgan; finalize and send draft to stakeholder Counsel for comment.
4-Feb-21	Chris Mazur	\$ 510.00	0.40	\$ 204.00	Review draft report to court.
5-Feb-21	Peter Crawley	\$ 450.00	1.50	\$ 675.00	Review draft report of Receiver; circulate with comments to BDO team; comments to Counsel; query to secured creditor.
5-Feb-21	Chris Mazur	\$ 510.00	0.10	\$ 51.00	Attend regarding status.
8-Feb-21	Peter Crawley	\$ 450.00	1.00	\$ 450.00	Review December financial updates received from J. Brindley; instructions to Z. Fennema regarding financials; further review report of J. Morgan and provide comments to S. Thom.
8-Feb-21	Zack Fennema	\$ 250.00	3.50	\$ 875.00	Convert financial statements to excel format. Merge financial statements to create comparative balance sheet from September to December for CAN and USA accounts.
8-Feb-21	Zack Fennema	\$ 250.00	2.00	\$ 500.00	Compile financial statements to excel format and organize for analysis.
9-Feb-21	Zack Fennema	\$ 250.00	5.20	\$ 1,300.00	Organize Financial Statements with formulas. Compile new statements into one workbook. Conduct market research for Sales Process.
9-Feb-21	Peter Crawley	\$ 450.00	3.00	\$ 1,350.00	Further review of December financials; discuss status of Receiver's Report with S. Thom; amend draft report and circulate final form for approval; review financial statement comparatives prepared by Z. Fennema and modify; prepare list of initial operating information requirements of Initial Receiver.
10-Feb-21	Peter Crawley	\$ 450.00	1.50	\$ 675.00	Review Morgan motion record and send comments to Counsel; prepare and send of outstanding information to J. Morgan; review preliminary sale process doc prepared by Z. Fennema.

10-Feb-21	Zack Fennema	\$ 250.00	3.50	\$ 875.00	Perform Market Research on competitors and compile into document Complete industry analysis and look for ways to advertise during Sale Process.
10-Feb-21	Chris Mazur	\$ 510.00	0.10	\$ 51.00	Report control sheet.
11-Feb-21	Peter Crawley	\$ 450.00	2.50	\$ 1,125.00	Review and comment on draft order; discuss file tasks and objectives with C. Mazur; further review of edits to the draft orders and discussions with Counsel; introductory call with R. Byrd.
11-Feb-21	Zack Fennema	\$ 250.00	2.50	\$ 625.00	Create Sales Process Procedures.
11-Feb-21	Chris Mazur	\$ 510.00	0.70	\$ 357.00	Review draft order iterations, telephone discussion with resources.
12-Feb-21	Peter Crawley	\$ 450.00	1.50	\$ 675.00	Review final draft of Order and send further comments to Counsel; message from Counsel re: same; attend Court Hearing; review information provided by J. Morgan; arrange meeting with R. Byrd; query on the prior disbursements figure provided by C. Ho.
12-Feb-21	Zack Fennema	\$ 250.00	0.70	\$ 175.00	Email IT about extranet website and request to have Web page go live.
16-Feb-21	Peter Crawley	\$ 450.00	3.50	\$ 1,575.00	Call with R. Byrd to discuss current status of operations, sales suppliers and employees; review with Mazur; review J. Morgan interim R&D; call with J. Brindley and L. Rizopoulos; instruct ZF on sale document preparation.
16-Feb-21	Zack Fennema	\$ 250.00	0.80	\$ 200.00	Communicate with IT about extranet web page Gather necessary information for webpage Follow up with Peter.
16-Feb-21	Chris Mazur	\$ 510.00	1.20	\$ 612.00	Update from PC; update call with lenders.
17-Feb-21	Peter Crawley	\$ 450.00	6.00	\$ 2,700.00	Review and edit website disclosures with Z. Fennema; calls with R. Byrd, F. Madelina, P. Matos, J. Brindley; correspond with TD Bank re: receivership changes; query J. Morgan; short term cashflow development; review various J. Morgan documents.
17-Feb-21	Zack Fennema	\$ 250.00	1.00	\$ 250.00	Arrange for extranet website with IT and have webpage go live
18-Feb-21	Peter Crawley	\$ 450.00	1.00	\$ 450.00	Call from J. Brindley re: prospective purchasers; email P. Santos; send invoice to J. Morgan re: incoming payment; discuss management retention with C. Mazur;
18-Feb-21	Chris Mazur	\$ 510.00	0.50	\$ 255.00	Review e-mails, Telephone discussion with Rizpoulos, attend regarding Reuben go forward/negotiations.
19-Feb-21	Zack Fennema	\$ 250.00	1.80	\$ 450.00	Draft sale process documents (NDA, teaser, invitation for proposals etc.).
19-Feb-21	Peter Crawley	\$ 450.00	3.50	\$ 1,575.00	Attend at Procim to view molds in 2 locations; attend at Port Colborne location to meet F. Madellina; calls with D. Taylor, Liquid Capital, C. Mazur.
19-Feb-21	Chris Mazur	\$ 510.00	0.80	\$ 408.00	Call with Liquid capital, attend regarding forward strategy.
22-Feb-21	Peter Crawley	\$ 450.00	4.00	\$ 1,800.00	Discuss accounting reports, bank statements and CRA with B. Gunning; call with potential funder of acquisition; discuss loan purchase with Counsel; setup TD banking access; review documents provided by B. Gunning; call with landlord.
23-Feb-21	Zack Fennema	\$ 250.00	0.50	\$ 125.00	Review Sale process documents.

23-Feb-21	Peter Crawley	\$ 450.00	6.00	\$ 2,700.00	Review of short term cashflow needs; location of funds; approve disbursements; review open order status update; auto insurance renewal; correspond with J. Morgan re: cutoff expense payments; call to TD re: USD account; request funds transfer from J. Morgan.
24-Feb-21	Peter Crawley	\$ 450.00	7.00	\$ 3,150.00	Call with R. Byrd re: BB&T funds; call with CM to discuss file issues and realization strategy; calls with Counsel; sale process document review and editing; instructions to Z. Fennema; call with J. Morgan re: banking arrangements and insurance; prepare letter to BB&T re: notification of receivership.
24-Feb-21	Chris Mazur	\$ 510.00	0.90	\$ 459.00	Attend re: status, Call with IC, resources, attend re: Reuben Baird, various e-mails.
25-Feb-21	Zack Fennema	\$ 250.00	2.20	\$ 550.00	Follow up with IT about broken link on extranet website. Work with IT to make site live; Review sale documents; Prepare newspaper advertisement; Add to list of interested Parties.
25-Feb-21	Peter Crawley	\$ 450.00	2.50	\$ 1,125.00	Call with C. Mazur to discuss approach and insurance; call with K. Johnson and G. Phoenix re: current status of R. Byrd vis-a-vis the receivership; post call with Counsel; update C. Mazur; various banking matters; call from minority shareholder; discuss order reporting with L. Lockett.
25-Feb-21	Carla Casco	\$ 150.00	0.50	\$ 75.00	Set up bank accounts, receipt wire and other banking tasks.
25-Feb-21	Chris Mazur	\$ 510.00	0.40	\$ 204.00	Attend re: insurance, Reuben Baird, status go forward.
26-Feb-21	Carla Casco	\$ 150.00	1.00	\$ 150.00	Prepare letter for Wires, set up payables and other banking tasks.
26-Feb-21	Peter Crawley	\$ 450.00	2.50	\$ 1,125.00	Attend to and resolve payroll funding issues; review and edit advertisement; update to secured creditor; follow up with Counsel on unresolved matters involving management; discuss appraisal needs with Appraiser.
26-Feb-21	Zack Fennema	\$ 250.00	3.50	\$ 875.00	Request CIM template; Prepare estimated net realization value; Work with ad agencies to get quotes and confirm advertising in paper; Review information list for data room.
26-Feb-21	Chris Mazur	\$ 510.00	0.30	\$ 153.00	Emails, attend re: payroll, review advert for sale of assets.
28-Feb-21	Peter Crawley	\$ 450.00	2.00	\$ 900.00	Review draft ENRV schedules prepared by Z. Fennema; update cashflow analysis; review sale process next steps and instruct ZF.
			92.90	\$ 35,969.00	



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 9, 2021	1635536 Ontario Inc o/a Versitec Marine & Industrial	CINV1069650

TO PROFESSIONAL SERVICES RENDERED in connection with the Receivership of 1635536 Ontario Inc o/a Versitec Marine & Industrial and Versitec Marine USA Inc. for the period commencing March 1, 2021 to March 31, 2021 inclusive per the attached detail:

Senior Vice-President		
C. Mazur	5.20	\$ 2,652.00
Vice President		
A. Consoli	0.30	\$ 135.00
P. Crawley	89.00	\$ 40,050.00
Staff		
C. Casco	5.60	\$ 840.00
S. Murphy	1.10	\$ 165.00
S. Rickards	1.30	\$ 195.00
Z. Fennema	41.30	\$ 10,325.00
	143.80	\$ 54,362.00
HST on BDO fees		\$ 7,067.06
Total		\$ 61,429.06
Disbursements		
Milage Fees		\$ 187.33
HST on mileage fees		\$ 24.35
Total Disbursements		\$ 211.68
Amount Due		\$ 61,640.74

H.S.T. #R101518124

Terms:

Net 30 days.

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

Date	Name	Rate	Hours	Amount	Comments
1-Mar-21	Carla Casco	\$ 150.00	0.50	\$ 75.00	Prepare letter and forms for wire to pay rent
1-Mar-21	Zack Fennema	\$ 250.00	3.00	\$ 750.00	Daily call with Peter regarding progress Update potential purchasers list Reach out to various marine advertisement to gather information and quotes
1-Mar-21	Chris Mazur	\$ 510.00	0.20	\$ 102.00	Various emails.
1-Mar-21	Peter Crawley	\$ 450.00	5.00	\$ 2,250.00	Immediate cashflow needs assessment; attend to landlord and payment of rent; correspond with J. Morgan on various matters incl BB&T, R. Byrd's loan documents.
2-Mar-21	Zack Fennema	\$ 250.00	3.50	\$ 875.00	Confirm ad to be published with National Post and payment method Reach out to marine advertisers to acquire quotes and recommended approached for the sale offering
2-Mar-21	Peter Crawley	\$ 450.00	6.00	\$ 2,700.00	Insurance matters; discussions with staff about order completion, cash collection; provide list of information needs for dataroom; discussion with B. Gunning re various matters; correspond with J. Morgan re insurance; write to K. White insurance broker; discussions with counsel re: same and SISP; instructions to ZF re: SISP.
2-Mar-21	Chris Mazur	\$ 510.00	0.40	\$ 204.00	various e-mails and correspondence, call w resources, insurance issue
2-Mar-21	Sherri Murphy	\$ 150.00	0.50	\$ 75.00	Invoice prep; send to PC for review.
3-Mar-21	Susan Rickards	\$ 150.00	0.20	\$ 30.00	Fax
3-Mar-21	Peter Crawley	\$ 450.00	5.00	\$ 2,250.00	SISP document review and editing; draft letter to BB&T; correspond with counsel on various matters; instruct ZF on SISP launch; call with interested parties; correspond with appraisers, creditors.
3-Mar-21	Zack Fennema	\$ 250.00	3.00	\$ 750.00	Reach out to advertising companies Provide summary of advertisement offerings Emailed potential purchaser list.
3-Mar-21	Chris Mazur	\$ 510.00	0.20	\$ 102.00	tdw resources, attend re; insurance issue.
4-Mar-21	Zack Fennema	\$ 250.00	2.50	\$ 625.00	Respond to potential purchasers, providing NDA and sale procedures Recording status of potential purchasers
4-Mar-21	Carla Casco	\$ 150.00	0.80	\$ 120.00	cheque requisitions, receipt wire & other banking task
4-Mar-21	Peter Crawley	\$ 450.00	5.00	\$ 2,250.00	Evaluate cashflow needs and sources of cash; detailed review of R. Byrd lawyer's response and provide comments to counsel; SISP matters; confirm approved payments have been made; notify Procim re same; coordinate appraiser site visits; confirm property and CGL insurance is in place; instruct staff to complete product liability questionnaire; send wire request to branch manager at BB&T; call BB&T; resubmit approved expenses for payment.
5-Mar-21	Susan Rickards	\$ 150.00	0.20	\$ 30.00	Cheques & letters
5-Mar-21	Zack Fennema	\$ 250.00	6.00	\$ 1,500.00	Respond to potential purchasers with NDA, record signed NDAs Reach out to advertising companies, follow up with one outstanding, have call with marine link Draft CIM

5-Mar-21	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Sale process matters; review correspondence from R. Byrd; attend to various payment issues; discuss IT requirements; update call with J. Brindley and L. Rizopoulos; discuss verbal contract matter with P. Mattos.
8-Mar-21	Zack Fennema	\$ 250.00	2.00	\$	500.00	Confirm advertisement medium/pricing and provide revised ad proof
8-Mar-21	Peter Crawley	\$ 450.00	5.00	\$	2,250.00	Respond to interested parties, record signed NDAs Attend at PC premises with IT advisor to copy data; call with counsel; discussions with employees about various matters and business priorities; prepare R&D and cashflow projection; discuss SISP matters with ZF; email to Stone Marine; review email from K. Jackson.
9-Mar-21	Carla Casco	\$ 150.00	0.50	\$	75.00	Prepared wire form, e-mail TD, e-mail confirmation & set it up in Ascend.
9-Mar-21	Peter Crawley	\$ 450.00	5.00	\$	2,250.00	SISP preparation matters; update to C. Mazur; call with creditor/interested party; calls with counsel and LCX re: current status of management negotiations, location of assets; attend to rent; call with landlord; review IT summary.
9-Mar-21	Zack Fennema	\$ 250.00	2.20	\$	550.00	Meeting with Stone Marine Confirm advertisement with marine link and receive tear sheet from National Post Record interested parties signed NDAs
9-Mar-21	Chris Mazur	\$ 510.00	1.30	\$	663.00	Call with Peter about current operations of business call with resources to review status, call w LC and respective counsel.
10-Mar-21	Zack Fennema	\$ 250.00	1.50	\$	375.00	Inquire about setting up data room Revise CIM
10-Mar-21	Susan Rickards	\$ 150.00	0.20	\$	30.00	Fax
10-Mar-21	Sherri Murphy	\$ 150.00	0.20	\$	30.00	email to/fr PC, follow up on invoice review.
10-Mar-21	Peter Crawley	\$ 450.00	5.00	\$	2,250.00	SISP matters; discussion with P.Mattos; update counsel on various matters; instruct staff in setting up CRA accounts for Receiver; instruct ZF on task list; correspond with staff over insurance issues and inability to ship product.
10-Mar-21	Chris Mazur	\$ 510.00	0.20	\$	102.00	Review s245/246 statement; correspond with PC re matters.
11-Mar-21	Susan Rickards	\$ 150.00	0.20	\$	30.00	fax
11-Mar-21	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Call with A. Seaman; calls with F. Maddalena; call with counsel; review and edit draft response to K. Jackson; follow-up with insurance broker on application status; calls with counsel.
11-Mar-21	Carla Casco	\$ 150.00	0.30	\$	45.00	set up payable & print cheques & other banking task.
11-Mar-21	Zack Fennema	\$ 250.00	1.80	\$	450.00	Create cheque requisition for Advertisements Request Data Room setup and follow-up with space required Rework CIM
12-Mar-21	Carla Casco	\$ 150.00	0.50	\$	75.00	e-mail TD with few request in regards wire & deposits
12-Mar-21	Peter Crawley	\$ 450.00	3.50	\$	1,575.00	Review emails from R. Byrd's counsel and provide response to counsel; coordinate site attendance and changing of locks; calls with insurance broker; update call with LCX to advise of insurance application status; calls with staff about status of operations.

12-Mar-21	Zack Fennema	\$ 250.00	3.80	\$	950.00	Revise CIM and send to Peter Arrange to have the locks changed on site Travel to site and communicate with primary stakeholder Talk to Peter about next steps to take in Sales Process
12-Mar-21	Chris Mazur	\$ 510.00	0.30	\$	153.00	various e-mails, status, of insurance, call w LC
14-Mar-21	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Review and edit CIM.
15-Mar-21	Zack Fennema	\$ 250.00	0.60	\$	150.00	Help data room go-live
15-Mar-21	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Complete CIM for CM review; call with D. Taylor; build dataroom; review and approve CRA remittance for payment; update counsel on status of information requests from R. Byrd/A. Seaman. set up payable, other banking task.
16-Mar-21	Carla Casco	\$ 150.00	0.70	\$	105.00	set up payable, other banking task.
16-Mar-21	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Finalize CIM and upload documents to dataroom; instruct ZF on granting access to interested parties; attend to attempting to access data file provided by A. Seaman without success; auto and PL insurance matters; respond to J. Brindley; call with P. Mattos; emails from E. Pavey; make arrangements to attend premises with IT support; update cashflow.
16-Mar-21	Zack Fennema	\$ 250.00	3.20	\$	800.00	Setup data room Create user groups and invite users to access data room Follow-up with outstanding requests from interested parties Create AR collection draft letter Create cheque requisition for locksmith
16-Mar-21	Chris Mazur	\$ 510.00	0.50	\$	255.00	review draft CIM, tdw resources, status
17-Mar-21	Carla Casco	\$ 150.00	1.00	\$	150.00	Prepared cheque requisition, set up payable, other banking tasks
17-Mar-21	Angelo Consoli	\$ 450.00	0.20	\$	90.00	review, approval and sign cheques
17-Mar-21	Zack Fennema	\$ 250.00	1.20	\$	300.00	Communicate with interested parties of Versitec Drop off keys and keyholder agreement at office
17-Mar-21	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Attend at premises with IT consultant to copy data; meetings with staff re: A/R collections; production freeze; insurance matters.
18-Mar-21	Susan Rickards	\$ 150.00	0.30	\$	45.00	Letters & cheques
18-Mar-21	Carla Casco	\$ 150.00	0.30	\$	45.00	Receipt USD wire & other banking task.
18-Mar-21	Chris Mazur	\$ 510.00	0.20	\$	102.00	attend re status, insurance.
18-Mar-21	Zack Fennema	\$ 250.00	1.20	\$	300.00	Arrange data room access for companies and send off new NDA Follow-up with advertisement company on current distribution
18-Mar-21	Peter Crawley	\$ 450.00	4.50	\$	2,025.00	Receive confirmation of non-insurability for estate and notify production staff re: same as it impacts current orders; begin preparations to cease operations; prepare termination letters; seek funds from MPI; SISP matters; contact European sale agents;
19-Mar-21	Zack Fennema	\$ 250.00	1.20	\$	300.00	Reach out to interested parties for contact information and send NDAs Call with peter about current business status
19-Mar-21	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Onsite to terminate employees; discuss insurance and operational impacts with Anna and Xenofon; meetings with staff; finalize data copying with R. Newton.

19-Mar-21	Chris Mazur	\$ 510.00	0.90	\$	459.00	call with LC, attend re status
22-Mar-21	Sherri Murphy	\$ 150.00	0.10	\$	15.00	invoice sent to CM for review.
22-Mar-21	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Review and approve inteirm invoice; call with Wilson H; correspond with P.Mattos re: access to designs; attend to subcontractor payments; various SISP matters.
22-Mar-21	Zack Fennema	\$ 250.00	0.80	\$	200.00	Email interested parties and send over data room invitations
23-Mar-21	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Discuss SISP with ZF; instructions to prep and modify historical seal report; responses to prospective bidders; attend to payments; update dataroom with clean molds listing.
23-Mar-21	Zack Fennema	\$ 250.00	1.80	\$	450.00	Summarize list of seals Obtain advertisement proof and request stats on advertisement
24-Mar-21	Carla Casco	\$ 150.00	1.00	\$	150.00	Prepared Wire forms, prepared cheq requisitions & e-mail for authorizations
24-Mar-21	Susan Rickards	\$ 150.00	0.20	\$	30.00	Cheques & Purolator
24-Mar-21	Angelo Consoli	\$ 450.00	0.10	\$	45.00	cheques;
24-Mar-21	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	SISP matters; calls with potential bidders about current status of company and accelerating SISP; arrange payments to and ; review cashflow; separate calls with and S. Arbonne about realization strategy; call TD to reduce wire fees; contact website host; attend to domain name renewal.
24-Mar-21	Chris Mazur	\$ 510.00	0.10	\$	51.00	status of sale process
24-Mar-21	Zack Fennema	\$ 250.00	1.20	\$	300.00	Confirm data room recipients and send out additional invitations
24-Mar-21	Sherri Murphy	\$ 150.00	0.30	\$	45.00	Invoice process, scan to pdf and sent to PC for process.
25-Mar-21	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Calls to prospective bidders to discuss SISP and information needs; various matter
25-Mar-21	Zack Fennema	\$ 250.00	0.80	\$	200.00	Follow up with interested parties Update status on interested parties tracker
26-Mar-21	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Calls with interested parties and key suppliers; follow-up calls with suppliers; discuss with F. Maddalena; email directions to Xenoe fon re: AR payments;
29-Mar-21	Chris Mazur	\$ 510.00	0.10	\$	51.00	tdw resources, status
31-Mar-21	Chris Mazur	\$ 510.00	0.80	\$	408.00	attend re offer, call with LC.
			143.80	\$	54,362.00	
19-Feb-21	Mileage			\$	101.79	travel to Procim (2 locations) and Port Colborne
24-Mar-21	Mileage			\$	85.54	travel to Port Colborne location.
				\$	187.33	



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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.
June 11, 2021	1635536 Ontario Inc o/a Versitec Marine & Industrial	CINV1222831

TO PROFESSIONAL SERVICES RENDERED in connection with the Receivership of 1635536 Ontario Inc o/a Versitec Marine & Industrial and Versitec Marine USA Inc. for the period commencing April 1, 2021 to May 31, 2021 inclusive per the attached detail:

Senior Vice-President		
C. Mazur	2.70	\$ 1,377.00
Vice President		
A. Consoli	2.30	\$ 1,035.00
P. Crawley	98.20	\$ 44,190.00
Manager		
S. Burrowes	0.60	\$ 210.00
Staff		
C. Casco	7.10	\$ 1,065.00
S. Murphy	1.50	\$ 225.00
S. Rickards	2.30	\$ 345.00
Z. Fennema	13.90	\$ 3,475.00
	<u>128.60</u>	<u>\$ 51,922.00</u>
HST on BDO fees		\$ 6,749.86
Total		<u>\$ 58,671.86</u>
Disbursements		
Mileage Fees		\$ 369.50
HST on mileage fees		\$ 48.04
Postage Fees and Courier Fees		\$ 29.94
HST on postage fees and courier fees		\$ 3.89
Total Disbursements		<u>\$ 451.37</u>
Amount Due		<u><u>\$ 59,123.23</u></u>

H.S.T. #R101518124

Terms:

Net 30 days.

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

Date	Name	Rate	Hours	Amount	Comments
29-Mar-2021	Peter Crawley	\$ 450.00	1.50	\$ 675.00	Call with prospective purchaser; discuss SISP with counsel; respond to E. Pavey and L. Cheng queries.
29-Mar-2021	Carla Casco	\$ 150.00	0.30	\$ 45.00	e-mail TD in regards wire returned.
30-Mar-2021	Peter Crawley	\$ 450.00	2.00	\$ 900.00	Call with potential bidder and F. Maddalena; call with P. Mattos re: supply options;
30-Mar-2021	Zack Fennema	\$ 250.00	1.20	\$ 300.00	- Follow-up with interested party and have phone call with them about sale process - Have phone call with Peter
31-Mar-2021	Carla Casco	\$ 150.00	0.30	\$ 45.00	set up payable, prepared cheq requisition, printed cheque & e-mails
31-Mar-2021	Peter Crawley	\$ 450.00	4.00	\$ 1,800.00	Prepare for and provide update to LCX; call to landlord; arrange payroll and rent payments; review draft APA and provide comments to counsel; discuss open AR and collection efforts with F. Maddalena.
1-Apr-2021	Peter Crawley	\$ 450.00	2.50	\$ 1,125.00	Analyze ProCim's mold chart; call with interested party; calls with P. Mattos; meet with F.Maddalena; video PortC's premises for SISP; review updated offer from interested party.
1-Apr-2021	Carla Casco	\$ 150.00	0.50	\$ 75.00	set up payable, prepared cheque requisitions & print cheques, e-mail for signature
1-Apr-2021	Angelo Consoli	\$ 450.00	0.10	\$ 45.00	Cheque
5-Apr-2021	Peter Crawley	\$ 450.00	2.00	\$ 900.00	Prepare SISP update for all participants and instruct Z. Fennema to email; finalize and upload draft APA and AVO to dataroom; respond to queries from interested parties.
5-Apr-2021	Zack Fennema	\$ 250.00	1.50	\$ 375.00	- Send notification emails to interested parties of new bid deadline
5-Apr-2021	Sherri Murphy	\$ 150.00	0.50	\$ 75.00	invoice prep, sent to PC for review.
6-Apr-2021	Peter Crawley	\$ 450.00	2.00	\$ 900.00	Attend at Port Colborne and ProCim with interested buyers;
6-Apr-2021	Zack Fennema	\$ 250.00	0.40	\$ 100.00	- Follow up with interested party on data room login and investigate issue
7-Apr-2021	Carla Casco	\$ 150.00	1.00	\$ 150.00	prepared wire letter, e-mail, cheq requisition & other banking task..
7-Apr-2021	Peter Crawley	\$ 450.00	3.50	\$ 1,575.00	SISP matters; calls with prospective bidders; update information and schedules to APA; call with F. Madallena; review R&D and approve current payments of insurance and refund of Palco Marine deposit; review company communications; instruct counsel on communications with supplier.
8-Apr-2021	Peter Crawley	\$ 450.00	2.00	\$ 900.00	Respond to various SISP queries; review WEPPA info provided by B. Gunning and call him for more details; review appraisal received; review company records and communications; update C. Mazur;
8-Apr-2021	Susan Rickards	\$ 150.00	0.20	\$ 30.00	Letter and cheque
8-Apr-2021	Chris Mazur	\$ 510.00	0.20	\$ 102.00	attend re status, offers, tdw resources.
8-Apr-2021	Zack Fennema	\$ 250.00	0.60	\$ 150.00	- Correspond with interested parties and provide access to data room
9-Apr-2021	Sherri Murphy	\$ 150.00	0.50	\$ 75.00	invoice processed,

9-Apr-2021	Carla Casco	\$ 150.00	0.20	\$	30.00	Receipt a payment to USD account
9-Apr-2021	Zack Fennema	\$ 250.00	0.50	\$	125.00	- Send data room invitations - Update interested parties tracking sheet
9-Apr-2021	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	SISP matters; WEPPA calculations; instruct staff on WEPPA submission requirements; provide list of Receiver receipts to B. Gunning; review Mar 31/21 F/S from ; review W. Hoang's list of unpaid service jobs.
12-Apr-2021	Peter Crawley	\$ 450.00	2.50	\$	1,125.00	Sisp matters; prepare WEPPA letters to employees;
13-Apr-2021	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Call with bidder; review truck lease and Black Book value to assess if equity; call with re: A/R collections and other matters; draft WEPPA materials for terminated employees; coordinate with S. Burrows the online Service Canada submissions;
13-Apr-2021	Zack Fennema	\$ 250.00	0.60	\$	150.00	- Grant additional users permission for data room and remove not interested parties
14-Apr-2021	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Call with D. Carpenter; release financial statements to shareholders; call with potential bidder about offer process; instruct D. Gunning on payroll and ROE for ; prepare WEPPA letters and supporting documents for Lockett and Varga; requisition cheques from C. Casco; emails from prospective bidders backing out of SISP.
15-Apr-2021	Peter Crawley	\$ 450.00	2.00	\$	900.00	Calls and emails with bidders; verify updated mold list against Jan 2020 list originally provided and update dataroom; correspond with counsel re: bid requirements; receipt and review of offers; prepare summary.
15-Apr-2021	Carla Casco	\$ 150.00	0.60	\$	90.00	prepared cheq requisition, set up payable in Ascend & e-mail for signatures
15-Apr-2021	Angelo Consoli	\$ 450.00	0.10	\$	45.00	review and approval of cheques;
16-Apr-2021	Stephanie Burrowes	\$ 350.00	0.60	\$	210.00	Review WEPPA information provided by Peter and respond. Complete WEPPA applications online.
16-Apr-2021	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Update secured creditor on results of sale process and discuss next steps; calls with counsel to offerors to discuss next steps; update CM and counsel; discuss WEPPA with S. Burrowes; attend at premises to discuss A/R with , obtain key and meet neighboring business owner; met with D. Taylor and Ron.
19-Apr-2021	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Review and send WEPPA information to L. Varga and L. Lockett; review revised offer and query obligations being placed on the Receiver with Purchaser's counsel; review if revised bid from bidder; summarize bids; begin preparing Report.
19-Apr-2021	Chris Mazur	\$ 510.00	0.10	\$	51.00	attend re; offers, status
19-Apr-2021	Zack Fennema	\$ 250.00	0.40	\$	100.00	- Remove data room participants

20-Apr-2021	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Review and comment on revised conditions in bid; call with counsel to purchaser; finish and send updates to LCX with recommendation; drafting report
20-Apr-2021	Chris Mazur	\$ 510.00	0.20	\$	102.00	attend re; offer, next steps,
21-Apr-2021	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Meeting with LCX and counsel to discuss SISP outcome and recommendations; drafting of report; prepare summary of receivership issues; discuss report with and send to counsel for comments; WEPPA calculations for final 3 employees.
21-Apr-2021	Zack Fennema	\$ 250.00	0.60	\$	150.00	- Follow-up with advertising company and request further data of published advertisement - Provide data to Peter
21-Apr-2021	Chris Mazur	\$ 510.00	1.40	\$	714.00	call with LQ, review draft report to court.
22-Apr-2021	Susan Rickards	\$ 150.00	0.50	\$	75.00	Weppa
22-Apr-2021	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Respond to S. Thom query; correspond with J.Morgan re: settlements and customer payments; finalize and sign 2nd report; attend to F. Maddalena's WEPP calculations and letter; call with BlueVine and send Orders.
22-Apr-2021	Chris Mazur	\$ 510.00	0.40	\$	204.00	review finalized report to court, control sheet.
23-Apr-2021	Peter Crawley	\$ 450.00	0.20	\$	90.00	Site visit to check premises.
26-Apr-2021	Peter Crawley	\$ 450.00	2.50	\$	1,125.00	Discuss pre-closing matters with G. Azeff; finalize WEPPA for Thompson and Arsenault; various matters.
27-Apr-2021	Peter Crawley	\$ 450.00	1.50	\$	675.00	Instruct S. Rickards on WEPPA for Arsenault and Thompson; correspond with Purchaser rep for site attendance; respond to queries from J. Brindley.
27-Apr-2021	Carla Casco	\$ 150.00	0.20	\$	30.00	prepared deposit slip
27-Apr-2021	Zack Fennema	\$ 250.00	0.50	\$	125.00	- Contact IT and create new ticket for new file upload to extranet site
28-Apr-2021	Peter Crawley	\$ 450.00	1.50	\$	675.00	Attend at Port Colborne with Purchaser rep to assist with planning; call with re: sale and vehicle.
28-Apr-2021	Chris Mazur	\$ 510.00	0.10	\$	51.00	e-mails
29-Apr-2021	Peter Crawley	\$ 450.00	4.00	\$	1,800.00	Review email from Stone Marine and respond; correspond with counsel re: various matters including preparations for closing; prepare cheque req's for numerous outstanding receivership expenses; consider HST implications of sale to a non-registrant; correspond with Landlord; review extranet update; update R&D; update proforma closing R&D.
30-Apr-2021	Angelo Consoli	\$ 450.00	0.10	\$	45.00	cheque
30-Apr-2021	Sherri Murphy	\$ 150.00	0.50	\$	75.00	file review, prep WIP outstanding to date, sent to PC for review.

30-Apr-2021	Peter Crawley	\$ 450.00	3.50	\$	1,575.00	Review outstanding accounts receivable; update collection letter to be used; verify invoices as support; finalize and send update to LCX with R&D and draft pro-forma; review Promar accounts in QB re: earlier settlement.
3-May-2021	Carla Casco	\$ 150.00	0.40	\$	60.00	set up payable & print Cheq requisitions
3-May-2021	Susan Rickards	\$ 150.00	0.10	\$	15.00	Courier
3-May-2021	Peter Crawley	\$ 450.00	2.00	\$	900.00	Call F. Rosas at BV to discuss status of certificates; communicate same to Purchaser's counsel; discuss issues with counsel; call from BOA and forward motion record;
3-May-2021	Zack Fennema	\$ 250.00	0.60	\$	150.00	- Create new ticket and follow up with IT on documents to be uploaded to extranet site
4-May-2021	Peter Crawley	\$ 450.00	1.00	\$	450.00	Review IP assets; discuss BV with Purchaser's counsel; attend court hearing to approve sale; post hearing discussions with counsel; update .
4-May-2021	Carla Casco	\$ 150.00	1.00	\$	150.00	printed cheques, prepared wire letter, & other banking task.
4-May-2021	Angelo Consoli	\$ 450.00	0.10	\$	45.00	cheques
4-May-2021	Chris Mazur	\$ 510.00	0.30	\$	153.00	review #'s NRV schedule, attend re: court approval.
5-May-2021	Susan Rickards	\$ 150.00	0.60	\$	90.00	Cheques and Letters
5-May-2021	Peter Crawley	\$ 450.00	1.00	\$	450.00	Review signed Orders and have posted to website; review letters from CRA; plan for closing arrangements.
6-May-2021	Peter Crawley	\$ 450.00	1.50	\$	675.00	Review POC from BOA and forward to counsel; review and sign closing documents; discussion with counsel;
7-May-2021	Susan Rickards	\$ 150.00	0.10	\$	15.00	scan POC to Peter
7-May-2021	Peter Crawley	\$ 450.00	2.50	\$	1,125.00	Call with Purchaser re: closing matters; return leased vehicle to dealership; calls with counsel; sign documents; correspond with banking department and counsel re: closing funds.
10-May-2021	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Various closing matters; confirm receipt of closing funds and update Receiver's cert; answer questionnaire for Crug's bank; cancel auto policy; reconcile Stone Marine accounts and respond to request for payment of post receivership liability; discuss same with counsel;
11-May-2021	Carla Casco	\$ 150.00	0.30	\$	45.00	prepared a wire for Italy, set up payable & e-mail for signature.
11-May-2021	Peter Crawley	\$ 450.00	1.00	\$	450.00	Arrange return of bid deposit to unsuccessful bidder; provide staff contact details to purchaser; update secured lender; update landlord.

12-May-2021	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Prepare key delegate letter for ; finalize wire to F. Illi Paris; respond to query from counsel re US assets; summarize login/passwords to digital assets for Purchaser and send; meet and grant possession of premises for asset removal; review emails between Crug and Stone Marine; send Stone list of inventory; instruct S. Rickards on updating WEPPA tracking sheet for Service Canada payments; instruct to remit payroll deductions.
12-May-2021	Angelo Consoli	\$ 450.00	0.10	\$	45.00	review and approval of payment;
13-May-2021	Peter Crawley	\$ 450.00	1.00	\$	450.00	Review Stone Marine detailed account calculations and respond; instruct on WEPPA tracking update
13-May-2021	Susan Rickards	\$ 150.00	0.20	\$	30.00	Update spread sheet
14-May-2021	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Finish Stone Marine account reconciliation; email A. Devers; review Versitec emails for correspondence re: missing invoices.
17-May-2021	Peter Crawley	\$ 450.00	2.00	\$	900.00	Call with Lift Line CFO, confirm final payment; arrange same; discuss findings with counsel; communicate with Crug re: passwords; discuss with CM; email Stone Marine; correspond with W. Hoang.
18-May-2021	Peter Crawley	\$ 450.00	3.00	\$	1,350.00	Research company emails for accounts receivable communications with customers; email certain customers; call with re: operational transition matters.
19-May-2021	Peter Crawley	\$ 450.00	1.00	\$	450.00	Correspond with insurer re: final instalment payment; email Chesters re: sale of inventory; discuss matters with counsel.
19-May-2021	Carla Casco	\$ 150.00	0.80	\$	120.00	set up payable & prepared cheq requisitions & printed cheques
19-May-2021	Angelo Consoli	\$ 450.00	0.10	\$	45.00	review and approval of wire payment;
19-May-2021	Zack Fennema	\$ 250.00	0.40	\$	100.00	- Create cheque requisition for marine link advertising services
20-May-2021	Carla Casco	\$ 150.00	0.50	\$	75.00	set up payable, prepared cheque requisitions & other banking task.
20-May-2021	Susan Rickards	\$ 150.00	0.40	\$	60.00	Cheques & Letters
20-May-2021	Peter Crawley	\$ 450.00	2.00	\$	900.00	Discuss occupancy costs with landlord and arrange payment of same; review email from Stone Marine; arrange call; AR collection matters; arrange mail redirect.
21-May-2021	Peter Crawley	\$ 450.00	1.50	\$	675.00	Review default judgement notice; query to counsel; instruct ZF on AR collection letters; correspond with Ms. Hong and J.Morgan re: incoming payment; info to purchaser re: Stone Marine quote; review BDC assignment documents; review Chester's accounting.
21-May-2021	Zack Fennema	\$ 250.00	0.50	\$	125.00	- Draft AR letter for Peter's review
25-May-2021	Peter Crawley	\$ 450.00	1.00	\$	450.00	Correspond with Purchaser re: quantity of seals at Stone; arrange call with Stone; review and edit draft A/R collection letter; update calls with J. Brindley and .

26-May-2021	Peter Crawley	\$ 450.00	0.50	\$	225.00	Review and draft response to D. Carpenter enquiry re: BDC obligations;
26-May-2021	Zack Fennema	\$ 250.00	1.80	\$	450.00	- Have multiple calls with Telecom company to cancel services - Request more info and sign in to account, fill out business telecom cancellation ticket - Inquire about cheque requisition and update advertising company of outstanding payment set up payable & print cheques, & other banking task.
27-May-2021	Carla Casco	\$ 150.00	1.00	\$	150.00	review and approval of cheques;
27-May-2021	Angelo Consoli	\$ 450.00	0.20	\$	90.00	Call with Stone Marine re: accounts, administration activities and releasing inventory to the Purchaser; review and adjust A/R collection tracker for Promar settled amounts; review AR collection template from ZF; review TD overdrafts and specific items; instruct ZF to dispose of two vehicles and review offer for same.
27-May-2021	Peter Crawley	\$ 450.00	1.50	\$	675.00	Cheque & Letter
27-May-2021	Susan Rickards	\$ 150.00	0.20	\$	30.00	- Inquire with auto wreckers in Port Colborne of vehicles to be taken
27-May-2021	Zack Fennema	\$ 250.00	0.40	\$	100.00	- Provide update to Peter
28-May-2021	Peter Crawley	\$ 450.00	1.50	\$	675.00	Review email from A. Deves at Stone Marine and forward to counsel with comments; disc AR collection letters with ZF; review texts from purchaser re post closing transfer of assets and related issues; discuss with counsel; correspond with re HST filings.
28-May-2021	Zack Fennema	\$ 250.00	3.40	\$	850.00	- Draft AR letters, revise letters, and send out to AR companies as directed - Work with another wrecker company to assess vehicles and provide pricing
31-May-2021	Peter Crawley	\$ 450.00	2.50	\$	1,125.00	Update R&D; instruct A. Becker to take pics of Escape; review same; correspond with re: vehicles; respond to W. Hoang; discussion with ; correspond with Stone Marine re release of consignment inventory to Purchaser.
31-May-2021	Zack Fennema	\$ 250.00	0.50	\$	125.00	- Respond to AR companies emails and call
			128.60	\$	51,922.00	
24-Mar-2021	ExNihilo Website			\$	116.92	Website hosting Oct 1, 2020 - Jul 1, 2021
24-Mar-2021	GoDaddy Domains			\$	16.99	versitec.ca renewal
1-Apr-2021	Peter Crawley			\$	99.40	travel to P. Colborne facility
6-Apr-2021	Peter Crawley			\$	136.19	travel to P. Colborne and ProCim with bidders
				\$	369.50	
24-Mar-2021	Postage			\$	19.96	Purolator March 24, 2021
3-May-2021	Postage			\$	9.98	May's 2021 Purolator
				\$	29.94	

TAB 2J

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 THOMAS LAMBERT
(Affirmed June 16, 2021)

I, **THOMAS LAMBERT**, of the City of Hamilton, 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 Ltd. in its capacity as the substitute receiver (the “**Receiver**”), without security, of all the assets, undertakings and properties of 1635536 Ontario Inc. o/a Versitec Marine & Industrial (“**Versitec Canada**”) and Versitec Marine USA Inc. (“**Versitec USA**”, and collectively “**Versitec**”). Accordingly, I have knowledge of matters hereinafter deposed to.

2. Attached hereto and collectively marked as **Exhibit “A”** are true copies of the Statements of Account issued by Loopstra Nixon in respect of services rendered to the Receiver for the period from January 15, 2021 through May 31, 2021 (the “**Billing Period**”). During the

Billing Period, the total fees and disbursements billed were \$43,217.50 and \$708.22, respectively, and applicable taxes of \$5,668.75 for an aggregate amount of \$49,594.47.

3. As set out in the following table, 91.20 hours were billed by Loopstra Nixon during the Billing Period, resulting in an average hourly rate of \$473.88 (exclusive of applicable taxes):

Name of Professional	Total Hours	Hourly Rate(s) (\$)
R.G. Phoenix (2006)	59.10	575
T. Lambert (2016)	24.10	350
Amanda Adamo (Law Clerk)	8.00	100

4. I confirm that the activities detailed in the Statements 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 accounts, Loopstra Nixon has been paid \$21,507.49 and holds nil (\$0.00) on retainer in trust.

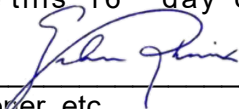
6. I affirm this affidavit in support of a motion for, *inter alia*, approval of the fees and disbursements of Loopstra Nixon, and for no other reason or improper purpose.

AFFIRMED BEFORE ME at the)
 City of Toronto, in the)
 Province of Ontario, this)
 16th day of June, 2021)
)
)
 _____)
John Phoenix
 A Commissioner for taking affidavits, etc.



THOMAS LAMBERT

This is Exhibit "A" referred to in the
Affidavit of Fees of Loopstra Nixon LLP affirmed
before me this 16th day of June, 2021.



A Commissioner, etc.



April 9, 2021

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, 2021 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 9, 2021

Invoice No. 98589

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, 2021.

OUR FEE	\$18,947.50
HST on Fees @ 13%	\$2,463.18
<u>DISBURSEMENTS:</u>	
Total Disbursements	\$85.67
HST on Disbursements	\$11.14
Total Fees, Disbursements and HST	<u>\$21,507.49</u>

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/cal

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-2021

April 9, 2021

Invoice No. 98589

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>
15-Jan-2021	To conduct corporate profile search re: BDO Canada Limited	AMA	0.10
26-Jan-2021	Call with S. Thom re: substitution motion. Call with P. Crawley re: the same.	RGP	0.40
27-Jan-2021	Email to S. Thom re: motion status and request for draft.	RGP	0.10
29-Jan-2021	Email with S. Thom re: status of materials.	RGP	0.10
31-Jan-2021	Email to P Crawley re: status of materials.	RGP	0.10
04-Feb-2021	Review and provide comments on draft materials to Proposed Receiver. Emails with Proposed Receiver.	RGP	1.20
05-Feb-2021	Review existing receiver's report and appendices. Call with S. Thom re: same	RGP	1.20
09-Feb-2021	Emails with client and counsel to Liquid Capital re: motion. Finalize Substitute Receiver's report. Emails to counsel to Outgoing receiver re: materials. Forward Sub Receiver's report to counsel with servie request. Review motion record.	RGP	1.50
10-Feb-2021	Emails with counsel to Receiver and Liquid Capital re: draft order. Draft language for the same.	RGP	0.80
11-Feb-2021	Review and revise draft order. Emails with reciever re: same. Circulate finalized revised order to counsel. Further emails and call re: orders and fee arrangement.	RGP	1.60



12-Feb-2021	Review and revise appointment order. Emails to counsel re: same. Emails with Reciever re: same and issue of costs priority. Attend on motion for substitute reciever. Call with Receiver re: same and possible SH Bid. Review endorsement and order	RGP	1.50
17-Feb-2021	Emails with Receiver re: online positings and sales process.	RGP	0.20
22-Feb-2021	Call with Receiver re: potential debt buyout and SH process.	RGP	0.20
24-Feb-2021	Email re: manager's claim. Call with BDO re: same and notice to Bank/strategy.	RGP	0.80
25-Feb-2021	Call with Kevin Jackson (counsel to Reuben Byrd) and P. Crawley.	RGP	0.60
26-Feb-2021	Emails with Receiver. Email to counsle to R. Byrd re: inquiry.	RGP	0.20
01-Mar-2021	Call with Reciever re: R. Byrd. Emails re: same. Draft correspondence to counsel to Byrd and forward to receiver for review. Revise per receiver's counsel. Forward to counsel to Byrd,	RGP	1.30
02-Mar-2021	Call with Reciever re: insurance issue and Mr. Byrd. Review marketing documents. Significant changes to procedures document., Comments to receiver. Comments to receiver on insurance issue. Emails re: insurance.	RGP	1.90
03-Mar-2021	Emails with Receiver re: developments in the US.	RGP	0.50
04-Mar-2021	Review email for counsel to R. Byrd. Comments to Receiver re: same and emails on same. Drafting template APA. Call with counsel to applicant re: communications with counsel to R. Byrd.	RGP	1.60
04-Mar-2021	To telephone call to discuss privilege issue	TPL	0.20
05-Mar-2021	Emails with Receiver re: R. Byrd. Draft and send email to counsel to R. Byrd re: various issues	RGP	1.10
08-Mar-2021	Drafting APA. Call with P. Crawley re: R. Byrd. Draft email to counsel to R. Byrd. FORward to P. Crawley for comments. Finalize and send same. Draft and send letter to BB&T re: funds. Additional email from counsel to R. Byrd.	RGP	2.10
08-Mar-2021	To send correspondence to J. Butterworth via email; to provide instruction to reception re: sending fax	AMA	0.20
09-Mar-2021	Review of emails form counselt of R. Byrd. Calls with Reciever re: same and next steps. Emails with BB&T Bank through clerk. Call with Reciever, Liquid Capital and counsel to Liquid Capital.	RGP	1.50



09-Mar-2021	Call with Nancy (BB&T Bank) re: sending funds via cheque; to confirm who chq is payable to	AMA	0.20
09-Mar-2021	To call Nancy re: chq and bank statements; to email Nancy re: same	AMA	0.10
10-Mar-2021	Various emails with Reciever on Prosim and Byrd. Strategy re: same. Further emails with Reciever re: same. Drafting letter to K. Johnson.	RGP	2.20
11-Mar-2021	Emails and call with reciever re: various items. Finalzie and send email to cousnel to Byrd.	RGP	0.90
12-Mar-2021	Various emails with counsel to R. Byrd. Calls with Receiver.	RGP	0.90
12-Mar-2021	Further email exchange with Nancy (BB&T Bank) re: address and bank statements	AMA	0.20
15-Mar-2021	Emails with Receiver re: updates.	RGP	0.20
16-Mar-2021	Emails and call with Receiver. Emails to counsel to Byrd. Review various emails re: banking, Procim, Seaman, etc.	RGP	1.10
17-Mar-2021	Call with Receiver re: update on status of asset recovery, strategy re: insurance and shipments, and strategy re: Mr. Byrd,	RGP	0.60
18-Mar-2021	Emails with Receiver re: employees and stop shipments. Courier notice to BofA. Draft letter to counsel to Mr. Byrd. Forward to reciever for review.	RGP	1.10
19-Mar-2021	Email with Receiver re: insurance issues. Finalize and send email to K. Jackson re: Byrd. Call with counsel to secured re: update.	RGP	0.90
22-Mar-2021	Email to receiver re: sale process APS and update on Byrd.	RGP	0.10
29-Mar-2021	Call with Receiver. Directions to Thomas Lambert re: APA revisions and redraft	RGP	0.60
29-Mar-2021	To conference with RGP re: Template APA	TPL	0.10
29-Mar-2021	To review appointment order, substitution order, and to drafting template APA	TPL	2.50
30-Mar-2021	Edit and revise template APA. Forward to Receiver.	RGP	1.40
31-Mar-2021	To receive and review email from P. Crawley re: comments on APA, to email to RGP and to commenting on APA and drafting template Approval and Vesting Order.	TPL	1.00

OUR FEE

\$18,947.50

<u>Time Summary</u>	<u>Hours</u>
Amanda Adamo	0.80
R. Graham Phoenix	30.50



Thomas Lambert	3.80
Total hours:	<u>35.10</u>

DISBURSEMENTS (E=HST exempt)

Corporate Searches

Amount

23.27

Courier

62.40

Total Disbursements

\$85.67



June 8, 2021

R. Graham Phoenix
Direct Line: 416.748.4776
Email: gphoenix@loopstra.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 May 31, 2021 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.



June 8, 2021

Invoice No. 100078

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 May 31, 2021.

OUR FEE	\$24,270.00
HST on Fees @ 13%	\$3,155.10
<u>DISBURSEMENTS:</u>	
Total Disbursements	\$622.55
HST on Disbursements	\$39.33
Total Fees, Disbursements and HST	<u>\$28,086.98</u>

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/cal

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-May-2021

June 8, 2021

Invoice No. 100078

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-Apr-2021	Call with P. Crawley. Draft letter for review to Procim. Finalize and send same. Comments to P. Crawley re: response to Procim.	RGP	1.30
11-Apr-2021	Review email from shareholder re: disclosure request. Review OBCA and law. Comment to Receiver with suggested response.	RGP	0.90
15-Apr-2021	Review Promar bid. Comments and email to Receiver.	RGP	0.60
16-Apr-2021	Review all bids and receiver's position. Comments to receiver re: same and call for revised bids.	RGP	1.20
16-Apr-2021	To email to P. Crawley re: security documents (0.1)	TPL	0.10
16-Apr-2021	To email to S. Thom	TPL	0.10
19-Apr-2021	Review APA offers. Various emails with Receiver and counsel to offeror. Call with Receiver re: next steps.	RGP	1.30
19-Apr-2021	To receive and review email exchange between P. Crawley and Graham Phoenix	TPL	0.20
20-Apr-2021	Emails re: APA with Promar. Revise language re: same. Forward to Receiver to confirm. Send to purchaser's counsel.	RGP	1.10
20-Apr-2021	To preparing motion materials	TPL	1.10



21-Apr-2021	Call with LCX re: SISP and proposed offer acceptance. with Promar. Correspondence with Court re: second hearing. Conference with Thomas Lambert re: preparation of court materials. Review and comment on draft Receiver's report (2 versions). Comments on Receiver's summary of pre-appointment issues. Review and revised draft motion materials. Email counsel to purchaser re: AVO.	RGP	2.60
21-Apr-2021	To preparing motion materials including notice of motion, motion record documents, draft orders and service list	TPL	7.80
21-Apr-2021	To receive, review and comment on second report	TPL	0.60
21-Apr-2021	To draft service list	AMA	0.40
22-Apr-2021	Emails with Receiver re: finalizing materials. Emails with Purchaser's counsel re: same. Finalize all motion materials. Directions to clerk re: service of same.	RGP	2.20
22-Apr-2021	Called BB&T Bank (left vm) re: bank statements.	AMA	0.10
22-Apr-2021	To draft and compile confidential appendices to second report	AMA	1.00
22-Apr-2021	Email exchange re: appendices	AMA	0.10
22-Apr-2021	To draft and compile motion record	AMA	2.00
22-Apr-2021	To draft service letter and email re: motion record	AMA	0.20
23-Apr-2021	Finalize redacted appendix. Review and revise motion record. Finalize same. Directions to clerk re: service.	RGP	1.30
23-Apr-2021	To finalize motion record	AMA	0.10
23-Apr-2021	To bind hard copies of motion record (x3)	AMA	0.70
23-Apr-2021	To arrange courier re: motion record; prepare packages re: same	AMA	0.50
23-Apr-2021	To serve motion record via email	AMA	0.10
23-Apr-2021	To draft affidavit of service re: motion record	AMA	0.20
23-Apr-2021	To file motion record and affidavit of service electronically	AMA	0.10
23-Apr-2021	To send out calendar invite re: motion returnable May 4, 2021	AMA	0.10
26-Apr-2021	Emails re: closing and updates.	RGP	0.20
27-Apr-2021	Review APA. Prepare closing agenda. Draft closing docs. Directions to Thomas Lambert re: same. Finalize draft orders.	RGP	1.50
28-Apr-2021	To review of APS re: closing documents, and to drafting closing documents	TPL	4.50



29-Apr-2021	Review and revise closing agenda and docs. Emails with Receiver re: same and various issues. Emails with counsel to Byrd. Emails with D. Taylor. Finalize and email confidential materials and order to Justice Gilmore.	RGP	1.60
29-Apr-2021	To receive caselines invite; to upload motion materials to same	AMA	0.40
29-Apr-2021	To finalize orders; fwd same & confidential appendices to Graham Phoenix	AMA	0.10
29-Apr-2021	To update calendar invite; send same	AMA	0.10
29-Apr-2021	To upload final orders to Caselines	AMA	0.10
30-Apr-2021	Emails with Receiver re: various closing issues. Finalize draft closing documents. Email same to counsel to Purchaser.	RGP	1.10
03-May-2021	Various emails re: purchaser closing "adjustment" inquiry. Calls to with P Crawley re: same.	RGP	0.50
04-May-2021	Preparation for and attendance on motion re: sale approval. Post-hearing call with S. Thom and Receiver. Post-hearing emails with Court and service list.	RGP	1.70
05-May-2021	Emails with Receiver and counsel to purchaser re: closing.	RGP	0.60
06-May-2021	Review and revise closing docs. Emails with purchaser's counsel re: same and closing. Call with Receiver re: same.	RGP	0.70
07-May-2021	Attended to closing of transaction with Clug Ltd. (Delayed due to fund delay)	RGP	1.00
10-May-2021	Attend to closing matters. Review response of Receiver to Stone Marine. Call with Receiver re: same.	RGP	1.10
11-May-2021	Emails with Receiver re: various post-closing matters.	RGP	0.60
11-May-2021	To review loan and security documents and to drafting security review re: Versitec Canada	TPL	5.00
11-May-2021	To run The Personal Property Security Act searches; email exchange with Thomas Lambert re: same.	AMA	0.20
11-May-2021	To run bank act searches; fwd same to Thomas Lambert	AMA	0.20
12-May-2021	Email with P. Crawley re: security and Stone Marine.	RGP	0.10
13-May-2021	Emails with counsel to purchaser re: closing book and post-closing steps. Call to S. Thom re: security and fees. Drafting motion materials.	RGP	1.20
13-May-2021	To finalizing security review, and to email exchange with Graham Phoenix	TPL	0.70



14-May-2021	Emails re: closing book and Stone Marine.	RGP	0.40
14-May-2021	To receive and review email exchange between P. Crawley and RGP re: BDC Security, and to email to Graham Phoenix	TPL	0.20
14-May-2021	To compile e-closing book; fwd same to Graham Phoenix	AMA	0.50
17-May-2021	Emails with Stone Marine and closing items.	RGP	0.40
19-May-2021	Call with Reciever re: next steps re: Stone Marine and other post-closing issues.	RGP	0.20
20-May-2021	Emails with P Crawley re: customer issues. Review Stone Marine comments and accounting.	RGP	0.50
21-May-2021	Review BDC security assignment. Review emails form Receive re same and Stone Marine.	RGP	0.50
25-May-2021	Review emails from Reciever re: Bill of Sale and re: Stoene Marine. Email response re: same.	RGP	0.30
26-May-2021	Email with Receiver re: BDC security question.	RGP	0.20
27-May-2021	Preparation of for and call with Receiver and Stone Marine (UK) re: seals. Call with Receiver re: debreif on same.	RGP	1.10
28-May-2021	Review emails and what's app re: various issue. Email to P Crawley re: Stone Marine.	RGP	0.50
31-May-2021	Emails with receiver re: Stone Marine.	RGP	0.10
OUR FEE			\$24,270.00

<u>Time Summary</u>	<u>Hours</u>
Amanda Adamo	7.20
R. Graham Phoenix	28.60
Thomas Lambert	20.30
Total hours:	56.10

<u>DISBURSEMENTS</u> (E=HST exempt)	Amount
Courier	164.67
Litigation Searches	79.86
Oncorp EDD	58.02
Online Litigation Filing (E)	320.00
Total Disbursements	\$622.55

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

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Thomas P. Lambert

LSO No.: 70354T

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f: (416) 746-8319

e: tlambert@loonix.com

*Lawyers for the Court-appointed Substitute
Receiver, BDO Canada Ltd.*

TAB 2K

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

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

**AFFIDAVIT OF JOHN MORGAN
(Sworn June 16, 2021)**

I, JOHN MORGAN, of the City of Barrie, in the Province of Ontario, MAKE OATH AND SAY:

1. I am President of Morgan & Partners Inc. (“MPI”) and, as such have knowledge of the matters to which I hereinafter depose. Unless I indicate to the contrary, the facts herein are within my personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.
2. Pursuant to the Order of Justice C.A. Gilmore dated March 9, 2020 (the “Appointment Order”), MPI was appointed as Receiver over certain assets and undertakings of 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively

“Versitec”) as set out more particularly in the Appointment Order. A substitute Receiver was appointed pursuant to the Order of Justice Koehnen dated February 12, 2021.

3. The total amount of professional fees and disbursements being claimed for work performed by MPI for the period of its appointment as Receiver, is the sum of \$27,500 plus HST in the amount of \$3,575, together with disbursements in the sum of \$5,000, for a total of \$36,075.

4. Details of the activities undertaken, and services provided by MPI in connection with its appointment, are described in MPI’s First Report to the Court dated February 5, 2021. Attached hereto as Exhibit “A” is a fee summary of MPI for the fee amounts being claimed by MPI in respect of its appointment.

5. The following are the billing rates of MPI and the personnel involved in the matter together with their hours and applicable rates claimed:

Timekeeper	Hourly Rate
John Morgan	\$500
Jane Morgan	\$175

6. MPI has not received any remuneration or consideration other than the amount claimed herein.

7. The hourly billing rates of MPI are comparable to the hourly rates charged by MPI for services rendered in relation to similar proceedings, and to the best of my knowledge, the rates charged by MPI throughout the course of these proceedings is comparable to the rates charged by other accounting firms in the Greater Toronto market.

8. I verily believe that the fees and disbursements incurred by MPI as Receiver were fair and reasonable in the circumstances. I make this affidavit for no improper purpose.

SWORN before me at the City
of Barrie, in the Province of Ontario
this 16th day of June, 2021


A COMMISSIONER, ETC.

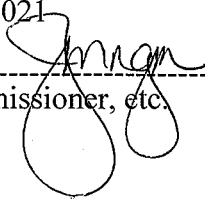
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JOHN MORGAN

**Jane Elizabeth Morgan,
A Commissioner, etc., Province of Ontario,
For Morgan & Partners Inc.
Expires March 28, 2023**

THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF JOHN MORGAN,
SWORN BEFORE ME AT THE CITY OF BARRIE,
PROVINCE OF ONTARIO, THIS 16TH DAY OF
JUNE, 2021



A Commissioner, etc.

**Jane Elizabeth Morgan,
A Commissioner, etc., Province of Ontario,
For Morgan & Partners Inc.
Expires March 28, 2023**

**MORGAN & PARTNERS INC. FEES SUMMARY
FOR FEES CLAIMED**

Description	Employee	Hours
<p>Securing Premises/Assets; Operations - attending and securing business premises in Port Colborne; review of operations and management; meetings with employees, management; reviewing accounting systems, books and records; attending and securing premises in Mississauga re: inventory and manufacturing of moulds; reviewing staffing and employment requirements; effecting short-term lay-offs, maintaining key employees;</p>	John Morgan	8
<p>Cash Management; Controls - setting up receivership bank accounts; inform customers of new wire transfer instructions; co-ordinate international wire transfer instructions to customers; prepare wire transfers; requesting and matching invoices from Versitec to support incoming wire transfers; follow up on late wire transfers;</p>	Jane Morgan	10.5
<p>- monitoring of U.S. bank account and co-ordinating cash sweeps; reconciling U.S. vs Canada receipts; preparation and co-ordination of approved payments with Receiver for critical suppliers and operational expenditures;</p>	Jane Morgan	11
<p>- communications with management re: approval of operational expenditures; preparation of cash management protocols, memorandum for operations; assuming control of non-business expenditures of prior management personnel; establishment of controls preventing diversion/leakage of funds; addressing merchant cash advancers in absence of U.S. recognition order; set-up and co-ordination of monitoring controls;</p>	John Morgan	10
<p>Accounts Receivable - review and evaluation of receivables re aging and non-performing accounts; preparation of collections strategy; reduction of set-offs re older receivables with payables; reconciliation of U.S. vs Canadian receivables; review and integration of aged receivables and payables re: oversight and cash-flow projections; evaluation and streamlining of relationships with logistics and materials suppliers; daily consultations with consultant re accounts receivable and conditions impacting collections world-wide;</p>	John Morgan	13.5
<p>Accounting and Financial Reporting - monthly review of accounting and operations; preparation of weekly management exception reporting; preparation of monthly</p>	John Morgan	7

management reports to stakeholders; weekly review of exception reporting with management for sales and purchases;

- monthly review of financial performance and cash-flow projections; reconciling balance sheets; remediation steps re: identified un-authorized or non-business expenditures; T4 issuances, balance sheet amendments for shareholder loans, employee advances; elimination of non-income producing assets, redundant payables from balance sheets; John Morgan 4.5

- review and identification of CRA liabilities; co-ordination of regular payments of post-appointment source deductions, HST; John Morgan 2

Claims Management; Misc.

- addressing claims of suppliers, customers in connection with daily business operations; liaising with management, counsel re: contractual, operational claims; reviewing factored accounts receivable; John Morgan 2.5

Fees Summary	Hours	Amount
Jane Morgan	21.5 hrs	\$3,762.50
John Morgan	47.5 hrs	\$23,750.00
		<hr/>
Total Fees		\$27,500.00
HST		\$3,575.00
Disbursement (Florian Meyer, consultant)		\$5,000.00
		<hr/> <hr/>
Total Fees/ Disbursements Claimed		\$36,075.00

IN THE MATTER OF THE RECEIVERSHIP OF
1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL ET AL

COURT FILE NO. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF

1635536 ONTARIO INC. O/A VERSITEC MARINE 7
INDUSTRIAL ET AL

AFFIDAVIT OF JOHN MORGAN

MORGAN & PARTNERS INC.
Licensed Insolvency Trustee
4 Cedar Pointe Drive, Unit J-2
Barrie ON, L4N 5R7

Attn: John Morgan, CPA, CA, CIRP, LIT, CFE, CBM
License # 2407

Tel: (705) 739 7003
Fax: (705) 739 7119
Email: johnmorgan@morgantrustees.com

TAB 2L

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

**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**

**AFFIDAVIT OF CALVIN J. HO
(Sworn June 14, 2021)**

I, CALVIN J. HO, of the City of Toronto, in the Province of Ontario, MAKE OATH
AND SAY:

1. I am a lawyer qualified to practice law in the Province of Ontario and am a partner of the law firm of Laishley Reed LLP, and as such have knowledge of the matters hereinafter deposed.
2. Attached hereto and marked as Exhibit "A" are true copies of the accounts rendered by Laishley Reed LLP to Morgan & Partners Inc., in its capacity as the Court-appointed receiver of certain of the assets and undertakings of 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively, "Versitec") pursuant to the March 9, 2020 Order of Justice C.A. Gilmore, for the period from March 12, 2020 to August 31, 2020, setting out the

Morgan & Partners Inc.
4 Cedar Pointe Drive, Unit J-2
Barrie ON L4N 5R7

Laishley | Reed
LLP

3 Church Street, Suite 505, Toronto, ON M5E 1M2
Tel: 416.981.9401 Fax: 416.981.0060

Attention: John Morgan

Our Bill No. 14094

May 27, 2020

RE: Receivership of Versitec
Our File: 75591

TO OUR PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above named matter for the period March 12, 2020 – March 31, 2020, which include:

Mar 12, 2020	Communications with J. Morgan re: Bank of America account, attendance at business premises;	CJH	.4
Mar 17, 2020	Communications with J. Morgan; conference call with J. Brindley, S. Thom, J. Morgan;	CJH	1.1
Mar 18, 2020	Communications with J. Morgan re: access to Bank of America account; review and revise draft engagement letter;	CJH	1.1
Mar 18, 2020	Conference call with S. Thom and counsel for debtor; communications with Receiver; reply communications to C. Yamashita;	CJH	.7
Mar 19, 2020	Receipt and review communications from J. Morgan re: new information re: U.S. activities; telephone discussion with J. Morgan;	CJH	.5
Mar 19, 2020	Communications with J. Morgan re: Procim;	CJH	.3
Mar 20, 2020	Conference call with J. Morgan, J. Brindley, F. Meyer, S. Thom; further communications with J. Morgan re: Bank of America account;	CJH	.7
Mar 23, 2020	Review and revise engagement letter re: consultancy;	CJH	.6
Mar 23, 2020	Communications with J. Morgan re: access to Bank of America account, accounts receivable;	CJH	.3
Mar 24, 2020	Conference call with J. Brindley, J. Morgan, F. Meyer, S. Thom; communications with J. Morgan; telephone call with S. Thom; communications with Debtors' solicitor;	CJH	1.2
Mar 24, 2020	Review and revise draft engagement letter;	CJH	.6
Mar 25, 2020	Conference call with S. Thom and counsel for Debtors;	CJH	.6
Mar 25, 2020	Communications with J. Morgan; review and revise draft engagement letter;	CJH	.4
Mar 26, 2020	Conference call with Debtors' solicitors; communications with S. Thom; communications with J. Morgan re: U.S. account;	CJH	1.2

- 2 -

Mar 26, 2020	Review and revise draft consultant's engagement letter; communications with J. Morgan;	CJH	.4
Mar 26, 2020	Conference call with S. Thom, J. Morgan;	CJH	.4
Mar 27, 2020	Telephone discussion with debtors' solicitor; communication with S. Thom;	CJH	.6
Mar 27, 2020	Review and revise communications to factor companies; discussion with J. Morgan;	CJH	.5
Mar 30, 2020	Communications with J. Morgan re: Bank of America account, sweeping of funds;	CJH	.7
Mar 30, 2020	Reply communication to S. Thom re: Bank of America account, accounts receivable;	CJH	.6
Mar 30, 2020	Communications with J. Morgan re: co-operation of R. Byrd re: direction of accounts receivable to Receiver's account;	CJH	.6
Mar 31, 2020	Communications with J. Morgan, S. Thom re: correspondence to customers; review and revise draft correspondence;	CJH	.7
Mar 31, 2020	Communications with J. Morgan re: Bank of America account;	CJH	.4
Mar 31, 2020	Review communications from J. Brindley; Conference call with J. Morgan, S. Thom;	CJH	.6

Lawyer	Initials	Hours	Rate	Total
Calvin J. Ho	CJH	15.2	495.00	7,524.00
Less:				(24.00)
OUR FEE				\$7,500.00
TAXES				
HST on	\$7,500.00	Fees	975.00	

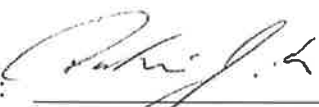
Total Taxes (Registration # 864679394RT001)

975.00

BALANCE DUE & OWING**\$8,475.00**

THIS IS OUR ACCOUNT

LAISHLEY REED LLP

Per: 
 Calvin Ho

E.&O.E.

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 2% per annum until paid.

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Morgan & Partners Inc.
4 Cedar Pointe Drive, Unit J-2
Barrie ON L4N 5R7

Attention: John Morgan

Laishley | Reed
LLP

3 Church Street, Suite 505, Toronto, ON M5E 1M2
Tel: 416.981.9401 Fax: 416.981.0060

Our Bill No. 14292

August 31, 2020

RE: Receivership of Versitec

Our File: 75591

TO OUR PROFESSIONAL SERVICES RENDERED on your behalf in connection with the above named matter for the period April 2, 2020 – August 31, 2020, which include:

Apr 2, 2020	Communications with J. Morgan; telephone call with S. Thom;	CJH	.5
Apr 2, 2020	Discussion with J. Morgan re: operations checks and balances;	CJH	.5
Apr 6, 2020	Communications with J. Morgan re: Bank of America account; agency invoice from F. Meyer;	CJH	.4
Apr 7, 2020	Discussion with J. Morgan re: financial information, accounts receivable, logistics for controls;	CJH	.4
Apr 8, 2020	Discussion with J. Morgan re: consulting engagement, Bank of America account sweeps, Versabank;	CJH	.7
Apr 9, 2020	Communications with J. Morgan re: accounts receivable, letters to customers re: Receiver's bank account;	CJH	.4
Apr 10, 2020	Discussion with J. Morgan re: re-direction of A/Rs;	CJH	.6
Apr 15, 2020	Communications with J. Morgan; conference call with S. Thom, J. Brindley, J. Morgan; review re: financial, A/R data;	CJH	1.2
Apr 15, 2020	Discussion with J. Morgan re: administrative matters;	CJH	.4
Apr 24, 2020	Communications with J. Morgan re: accounts receivable;	CJH	.3
Apr 30, 2020	Discussions with J. Morgan; review re: controls for A/Rs, management, operations;	CJH	.6
May 13, 2020	Telephone discussions with S. Thom, J. Morgan;	CJH	.4
May 13, 2020	Telephone discussion with J. Morgan;	CJH	.3
May 14, 2020	Discussion with J. Morgan re: Versabank;	CJH	.3
May 15, 2020	Discussion with J. Morgan re: payroll, suppliers;	CJH	.3
Jun 2, 2020	Discussion with S. Thom, J. Morgan re: LCX A/Rs;	CJH	.5

- 2-

Jun 3, 2020	Discussion with J. Morgan re: A/Rs analysis;	CJH	.5
Jun 5, 2020	Discussion with J. Morgan re: factored receivables;	CJH	.7
Jun 9, 2020	Review J. Morgan receivables analysis; forward to S. Thom;	CJH	.4
Jun 15, 2020	Telephone discussion with J. Morgan; communications with S. Thom;	CJH	.4
Jun 18, 2020	Discussion with J. Morgan re: large receivable to be collected;	CJH	.3
Jun 25, 2020	Discussion with J. Morgan re: cash sweep, payment to Liquid Capital;	CJH	.3
Jul 3, 2020	Review communications from J. Brindley re: A/Rs, Discussion with J. Morgan;	CJH	.3
Jul 3, 2020	Review communication from J. Morgan re: EDC policy	CJH	.3
Jul 7, 2020	Communication from J. Morgan re: EDC;	CJH	.3
Jul 16, 2020	Receipt of communication from lawyer re: potential proposal for financing to pay secured creditors;	CJH	.3
Jul 17, 2020	Discussions with J. Morgan re: unknown third party request for financial information;	CJH	.3
Jul 21, 2020	Discussion with J. Morgan; reply to third party lawyer;	CJH	.4
Jul 22, 2020	Discussion with J. Morgan;	CJH	.4
Jul 26, 2020	Discussion with J. Morgan re: prior S/H advances, ITA;	CJH	.7
Jul 30, 2020	Review communication from J. Morgan re: Liquid Capital distribution;	CJH	.3
Aug 4, 2020	Discussion with J. Morgan re: financials report, T4-As;	CJH	.4
Aug 7, 2020	Discussion with lawyer re third party request for pay-out information; advised to communicate with secured creditor;	CJH	.3
Aug 11, 2020	Discussion with J. Morgan re: accounts receivable;	CJH	.3
Aug 14, 2020	Discussion with J. Morgan re: Dhar claim for payment; preparation of draft response for J. Morgan;	CJH	.4
Aug 17, 2020	Further review of Dhar communications, discussion with J. Morgan;	CJH	.5
Aug 31, 2020	Discussion with J. Morgan re: accounts receivable; DHL letter;	CJH	.5

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Lawyer	Initials	Hours	Rate	Total
Calvin J. Ho	CJH	17.1	495.00	8,464.50

OUR FEE	\$8,464.50
LESS DISCOUNT	(2,964.50)
OUR FEE AFTER DISCOUNT	\$5,500.00

TAXES	
HST on \$5,500.00 Fees	715.00

Total Taxes (Registration # 864679394RT001)	\$715.00
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BALANCE DUE & OWING**\$6,215.00**

THIS IS OUR ACCOUNT
LAISHLEY REED LLP

Per: 

Calvin Ho

E.&O.E.

Accounts are due when rendered. Pursuant to the Solicitors' Act, interest will be charged on any unpaid balance of this account from one month after the date rendered, at the rate of 0.5% per annum until paid.

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**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

COMMERCIAL LIST

Proceeding commenced at Toronto

AFFIDAVIT OF CALVIN J. HO

LAISHLEY REED LLP

Barristers & Solicitors
3 Church Street, Suite 505
Toronto, ON M5E 1M2

Calvin J. Ho LSO#: 40875B

Tel: 416.981.9430

Fax: 416.981.0060

Email: cho@laihshleyreed.com

Lawyers for Morgan & Partners Inc.

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 June 22, 2021 at 12:00noon via "ZOOM"
videoconference)*

LOOPSRA NIXON LLP

135 Queen's Plate Drive – Suite 600
Toronto, ON M9W 6V7

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*Lawyers for the Substitute Receiver,
BDO Canada Ltd.*