

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

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

Respondents

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

**MOTION RECORD**

January 18, 2022

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

**NOTICE OF MOTION**  
[Appointment of Receiver re 518 King Street, Port Colborne]

The Applicant, Liquid Capital Exchange Corp. (“LCX”), will make a Motion to a Judge presiding over the Commercial List on Monday, January 24, 2022 at 10:00 a.m., or as soon after that time as the Motion can be heard.

**PROPOSED METHOD OF HEARING:** The Motion is to be heard *(choose appropriate o*

[X] By video conference.

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at the following location

[zoom link to be provided]

**THE MOTION IS FOR**

- (a) An Order
  - (i) Validation of service of the within motion and dispensing of further service thereof;
  - (ii) Appointing BDO Canada Limited (“**BDO**”) as Receiver over the Property municipally known as 518 King Street, Port Colborne (the “**Taylor Property**”) and authorizing BDO to market and sell the Taylor Property;
  - (iii) Directing that Ra-Tech CAD Services Inc. (“**Ra-Tech**”) deliver to LCX a discharge statement respecting all amounts claimed as owing to Ra-Tech pursuant to the charges registered on title to the Taylor Property as Instruments SN453043 AND SN572732;
  - (iv) For the termination and/or voiding of any agreements in place with respect to the Taylor Property established by or negotiated with Ra-Tech, if any;



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- (v) As necessary, providing for the preservation of the Taylor Property and/or authorizing such measures as required to effect the preservation of the Property;
- (b) The Costs of this Motion against any parties who oppose the relief herein sought, together with interest thereon;
- (c) Such further and other Relief as to this Honourable Court may seem just.

**THE GROUNDS FOR THE MOTION ARE**

- (a) Rule 45 of the *Rules of Civil Procedure*;
- (b) Section 101 of the *Courts of Justice Act*;
- (c) Section 243 of the *Bankruptcy and Insolvency Act*;
- (d) Section 12(3) of the *Mortgages Act*;

**Interested Parties on this Motion**

- (e) LCX is an Ontario corporation which provides various financial services to its customers, including accounts receivable factoring, asset-based lending, working capital advances, purchase order and equipment financing and leasing services;
- (f) 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (together “**Versitec**”) are corporations incorporated pursuant to the laws of Ontario and Delaware, respectively, with a former head office and manufacturing

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plant located in Port Colborne, Ontario. Versitec was in the business of supplying and installing seals for a variety of ship owners and shipyards across the globe with key customers in the US, Greece, Germany, Hong Kong and Singapore;

- (g) David Taylor is a resident of Ontario and was the founder of Versitec Canada and Versitec USA. Mr. Taylor is listed on the current corporate profile report of Versitec as being a director and the president of Versitec Canada. Taylor has granted in favour of LCX an unlimited guarantee of the indebtedness of Versitec to LCX;
- (h) Ra-Tech is the assignee of the First and Second Charges registered on title to the Taylor Property. The principal of Ra-Tech is Andrew Ferri, as associate of Mr. Taylor;
- (i) James Smith is a former employee of Versitec and an associate of Mr. Taylor. Mr. Smith appears to currently be occupying the Taylor Property;

**Default on Accounts Receivable Financing Agreement with LCX**

- (j) In 2019, Versitec defaulted on its obligations with LCX under agreement pursuant to which LCX extended to Versitec accounts receivable financing, or factoring, which default led to the issuance of demands and NITES being made upon Versitec and its guarantors, including Taylor;
- (k) Following demand, Versitec and its guarantors entered into terms of forbearance with LCX and a Forbearance Agreement, dated April 25, 2019, was executed by

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Versitec, LCX and the guarantors of the Versitec indebtedness, including Mr. Taylor;

- (l) At the time the Forbearance Agreement was executed, Taylor granted in favour of LCX a \$300,000 collateral mortgage registered against title to his residential property located at 518 King St., Port Colborne Ontario (the “**Taylor Property**”) in support of his guarantee of the LCX indebtedness;
- (m) The terms of the Forbearance Agreement provided, *inter alia*, that upon an event of default, LCX may appoint a Receiver to enforce upon the Versitec, the Guarantees or security granted therefor;
- (n) Versitec defaulted under the terms of the Forbearance Agreement, failing to repay the indebtedness owed to LCX on or before the deadline of December 31, 2019, for doing so (the “**Forbearance Period**”). As at January 1, 2020, significant funds remained outstanding and owed to LCX by Versitec;

#### **Receivership of Versitec**

- (o) This Application was commenced on March 4, 2020, returnable on March 9, 2020. On March 9, 2020 by Order of the Honourable Justice Gilmore, John Morgan & Associated inc. (“**JMI**”) was appointed as receiver over the assets, undertaking and property of Versitec;
- (p) BDO Canada Ltd. was substituted in in as Receiver of Versitec, replacing JMI, on February 12, 2023<sup>12</sup> by Order of the Honourable Justice Koehnen;

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- (q) As set out more particularly in the Fourth Report of BDO as Receiver of Versitec, the assets and property of Versitec have been sold by the Receiver and the administration of the Receivership of Versitec is substantially complete;

**Judgment and Receiver Discharge Motion**

- (r) On November 24, 2021, LCX brought a motion seeking discharge of the Receiver and judgment against Versitec and the guarantors of the Versitec indebtedness, including Taylor;
- (s) On November 24, 2021 the Honourable Justice Penny, granted judgment against, *inter alia*, Versitec and Taylor in the amount of \$776,616.03, as well an Order discharging the Receiver upon completion of the Receiver's remaining duties and the filing of a Receiver's Certificate respecting same;
- (t) As the Court was advised at the November 24, 2021, appearance, it is the intention of the Receiver to refrain from filing the Receiver's Certificate until such time as the outstanding motion for judgment against Mr. Byrd is determined, in the event that the Receiver's may of assistance to the efficient adjudication of any issues. Accordingly, although the Receiver Discharge Order has been obtained, the Receiver has not been discharged and remains in place in respect of the assets, property and undertaking of Versitec.

**Enforcement on Taylor Guarantee and Collateral Mortgage**

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- (u) Due to the significant shortfall in recovery of the indebtedness owed to it that will remain after final distribution is made of the proceeds of Versitec's estate, LCX will be required to look to enforcement of the guarantees and collateral security for additional recovery.

**The Taylor Property**

- (v) The Taylor Property is located at 518 King Street, Port Colborne. LCX anticipates that there is sufficient value in the property to repay all charges registered on title and provide for additional recovery beyond these as well;
- (w) As of March 2020, the charges registered on title to the Taylor Property were as follows:
  - (i) A first charge in favour of Golden Horseshoe Investments Inc. registered as Instrument Number SN453043 on November 24, 2015, in the amount of \$235,000;
  - (ii) A second charge in favour of Stevan Orvitz registered as Instrument Number SN572732 on November 2, 2018, in the amount of \$125,000;
  - (iii) A third charge in favour of LCX, being the Collateral Mortgage, registered as Instrument Number SN587591 on May 3, 2019, in the amount of \$300,000;
  - (iv) A lien in favour of Her Majesty the Queen in right of Canada as represented by the Minister of Finance in the amount of \$65,392.

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- (x) At the time of the commencement of the within Application, both the first and second mortgagees had commenced Power of Sale proceedings respecting the Taylor Property;
- (y) Given the existing Power of Sale proceedings involving the Taylor Property, upon the initial return date LCX did not seek the appointment of a Receiver over the Taylor Property, though this relief was claimed for in the Notice of Application;

**Transfer of First and Second Mortgages**

- (z) Contrary to expectations, no further enforcement steps in relation to the Taylor Property were taken by the prior mortgagees. LCX did not receive any further notices or service of any proceedings respecting the Taylor Property;
- (aa) As is now known, the first and second charges on title to the Taylor Property were instead both transferred by Transfer of Charge registered on title as Instrument Number SN669720 on April 16, 2021. Both charges are now held by a company named Ra-Tech CAD Services Inc. (“**Ra-Tech**”);
- (bb) Ra-Tech does not appear to have a website and nothing is known about the business operations of Ra-Tech, or if it is an operating business at all. The sole officer and director of Ra-Tech is Mr. Andrew Ferri. Mr. Ferri is a known associate of Mr. Taylor who, shortly following the Receiver’s appointment, contacted LCX to inquire about potentially refinancing the Versitec indebtedness and terminating the Receivership proceedings involving Versitec;

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**Concerns re Taylor Property and LCX Security**

- (cc) As detailed more particularly in the Affidavit filed in support of this motion, there are suspicious circumstances surrounding the Taylor Property and potential enforcement steps intended to be taken by Ra-Tech;
- (dd) There are reasons to be concerned that if a receiver is not appointed, the Taylor Property will not receive the benefit of market exposure and a sales process conducted with the intention of maximizing value;
- (ee) There are furthermore concerns that it may be specifically intended by the interested parties on this motion that an improvident private sale for the Taylor Property be completed pursuant to power of sale exercised by Ra-Tech, with the intention of expunging LCX's security from title to the Taylor Property without repayment of the indebtedness secured;
- (ff) Repeated requests made of Ra-Tech for a discharge statement intended to facilitate LCX's redemption of the Ra-Tech charges have not been answered;
- (gg) Possession of the Taylor Property appears to have been surrendered to Ra-Tech by Mr. Taylor, and occupancy of the Taylor Property given to Smith, a former Versitec employee. Smith and Ra-Tech have given conflicting information to LCX as to the existence of any agreements respecting the acquisition of the Taylor Property by Smith;

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- (hh) There is reason to believe that LCX's security in respect of the Taylor Property is at risk;
- (ii) A receiver may be required to take steps necessary towards maximizing realization on the Taylor Property, including protecting, preserving and maintaining insurance over the Taylor Property during the period prior to sale;
- (jj) It is just and convenient that a Receiver be appointed;
- (kk) Such further and other grounds as the lawyers may advise.

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

- (a) The affidavit of Jonathan Brindley, sworn January 18, 2022;
- (b) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

January 18, 2022

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RCP-E 37A (September 1, 2020)

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and- 1635536 ONTARIO INC. O/A VERSITEC MARINE &  
INDUSTRIAL et al.  
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**ONTARIO  
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COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

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**NOTICE OF MOTION**

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Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-F 4C (September 1, 2020)

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**AFFIDAVIT**

I, Jonathan Brindley, of the City of Mississauga, in the Regional Municipality of Peel,

MAKE OATH AND SAY:

1. I am the principal of Liquid Capital Exchange Corp., the Applicant in this proceeding, and, as such, have knowledge of the matters contained in this Affidavit.
  
2. LCX is an Ontario corporation which provides various financial services to its customers, including accounts receivable factoring, asset-based lending, working capital advances, purchase order and equipment financing and leasing services.

-2-

**Attached hereto as Exhibit “A” is a true copy of the corporation profile report for LCX**

3. 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (together “**Versitec**”) are corporations incorporated pursuant to the laws of Ontario and Delaware, respectively, with a former head office and manufacturing plant located in Port Colborne, Ontario. Versitec was in the business of supplying and installing seals for a variety of ship owners and shipyards across the globe with key customers in the US, Greece, Germany, Hong Kong and Singapore

**Attached hereto as Exhibit “B” is a true copy of the corporation profile report for Versitec Canada**

**Attached hereto as Exhibit “C” is a true copy of the corporation profile report for Versitec USA**

4. David Taylor is a resident of Ontario and was the founder of Versitec Canada and Versitec USA. Mr. Taylor is listed on the current corporate profile report of Versitec as being a director and the president of Versitec Canada. Taylor has granted in favour of LCX an unlimited guarantee of the indebtedness of Versitec to LCX.

**Attached hereto as Exhibit “D” is a true copy of the Taylor Guarantee**

5.

### **Receivership of Versitec**

6. Versitec defaulted on its obligations with LCX, which default led to the issuance of demands and NITES being made upon Versitec and its guarantors, including Taylor. Following

-3-

demand, Versitec and its guarantors entered into terms of forbearance with LCX and a Forbearance Agreement, dated April 25, 2019, was executed by Versitec, LCX and the guarantors of the Versitec indebtedness, Mr. Taylor, Mr. Reuben Byrd and Mr. David Carpenter.

**Attached hereto as Exhibit “E” are true copies of the demands and NITEs issued on David Taylor**

**Attached hereto as Exhibit “F” is a true copy of the Forbearance Agreement**

7. The terms of the Forbearance Agreement provide, *inter alia*:

in the event of a default in one or more terms of this Forbearance Agreement, and an Event of Default notice being given (which default has not been specifically waived in writing by Liquid Capital), and a resultant termination of the Forbearance Period, the Borrowers and the Guarantors each acknowledge that the agreement by Liquid Capital to forbear shall automatically, and without further notice thereafter, terminate and be of no further force or effect, it being expressly agreed that the effect of termination will be to permit Liquid Capital to exercise its rights and remedies immediately, including, without limitation, the appointment of a Receiver-Manager ("Receiver") or a trustee in bankruptcy of the assets and undertaking of the Borrowers and to enforce on the Security and the Guarantees;

8. At the time the Forbearance Agreement was executed, Taylor also agreed to grant in favour of LCX a \$300,000 collateral mortgage registered against title to his residential property located at 518 King St., Port Colborne Ontario (the “**Taylor Property**”) in support of his guarantee of the LCX indebtedness.

**Attached hereto as Exhibit “G” is a true copy of the parcel register for the Taylor Property**

**Attached hereto as Exhibit “H” is a true copy of the LCX Mortgage**

-4-

9. Versitec defaulted under the terms of the Forbearance Agreement, failing to repay the indebtedness owed to LCX on or before the deadline of December 31, 2019, for doing so (the “**Forbearance Period**”). As at January 1, 2020, significant funds remained outstanding and owed to LCX by Versitec.

10. In addition to such default on the terms of forbearance, concerns were also raised by LCX about the apparent collection and non-remittance of factored accounts receivable by Versitec during the period preceding the expiry of the Forbearance Period, conduct constituting breach of trust..

11. This Application was commenced on March 4, 2020, returnable on March 9, 2020. On March 9, 2020 by Order of the Honourable Justice Gilmore, John Morgan & Associated inc. (“**JMI**”) was appointed as receiver over the assets, undertaking and property of Versitec.

**Attached hereto as Exhibit “I” is a true copy of the Appointment Order**

12. BDO Canada Ltd. was substituted in in as Receiver of Versitec, replacing JMI, on February 12, 2023 by Order of the Honourable Justice Koehnen.

**Attached hereto as Exhibit “J” is a true copy of the Substitution Order**

**Administration of the Receivership of Versitec**

13. As set out more particularly in the Fourth Report of BDO as Receiver of Versitec, the assets and property of Versitec have been sold by the Receiver and the administration of the Receivership of Versitec is substantially complete.



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**Attached hereto as Exhibit “K” is a true copy of the Fourth Report of the Substitute Receiver, BDO, without appendices**

**Judgment and Receiver Discharge Motion**

14. On November 24, 2021, LCX brought a motion seeking
- (a) Discharge of the Receiver; and
  - (b) Judgment against Versitec and the guarantors of the Versitec indebtedness, Taylor, Carpenter and Byrd, in the amount of \$776,616.03, representing the shortfall balance owed to LCX by Versitec.
15. At the return of the motion, only Mr. Byrd attended and opposed the relief sought by LCX. LCX’s motion for judgment against Mr. Byrd has been adjourned and timetabled to be heard at a later date.
16. The balance of the relief sought by LCX was granted by the Honourable Justice Penny, who issued Orders:
- (a) Granting judgment against Versitec, Carpenter and Taylor in the amount of \$776,616.03; and
  - (b) Discharging the Receiver upon completion of the Receiver’s remaining duties and the filing of a Receiver’s Certificate respecting same.

**Attached hereto as Exhibit “L” is a true copy of the Judgment Order dated N November 24, 2021 and Writ of Seizure and Sale**

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**Attached hereto as Exhibit “L” is a true copy of the Receiver Discharge Order dated November 24, 2021**

17. As the Court was advised at the November 24, 2021, appearance, it is the intention of the Receiver to refrain from filing the Receiver’s Certificate until such time as the outstanding motion for judgment against Mr. Byrd is determined, in the event that the Receiver’s may of assistance to the efficient adjudication of any issues. Accordingly, although the Receiver Discharge Order has been obtained, the Receiver has not been discharged and remains in place in respect of the assets, property and undertaking of Versitec.

18. Due to the significant shortfall in recovery of the indebtedness owed to it that will remain after final distribution is made of the proceeds of Versitec’s estate, LCX will be required to look to enforcement of the guarantees and collateral security for additional recovery.

### **The Taylor Property**

19. The Taylor Property is located at 518 King Street, Port Colborne. The Taylor Property is situated on a 90-ft. wide lot, approximately twice the width of those surrounding it.

**Attached hereto as Exhibit “N” are true copies of Google Earth renditions of the Taylor Property**

**Attached hereto as Exhibit “O” is a true copy of a PIN map respecting the Taylor Property**

20. A private listing for the Taylor Property from 2017, adopted a listing price of \$599,000, but did not result in any sale.

-7-

**Attached hereto as Exhibit “P” is a true copy of the 2017 private listing for the Taylor Property**

21. A valuation obtained by LCX in February 2020 estimated the then-value of the Taylor Property as being approximately \$600,000 (the “**2020 Valuation**”). LCX is in the process of obtaining an updated valuation for the Taylor Property but believes, as to the accuracy of the 2020 Valuation:

- (a) Property values in the area have typically seen significant increases since early 2020;
- (b) The 2020 Valuation does not account for the potential severability of the Taylor Property in two lots, with one of these being vacant land. It is believed that if the Taylor Property were to be severed, the resulting two lots would likely result in a substantial increase in value on a combined basis.

22. Accordingly, LCX believes that actual realizations from the sale of the Taylor Property are more likely to be in the range of \$700,000 - \$800,000 unsevered, and likely higher than this if severed.

23. As of March 2020, the charges registered on title to the Taylor Property were as follows:

- (a) A first charge in favour of Golden Horseshoe Investments Inc. registered as Instrument Number SN453043 on November 24, 2015, in the amount of \$235,000;

**Attached hereto as Exhibit “Q” is a true copy of the First Charge**

-8-

- (b) A second charge in favour of Stevan Orvitz registered as Instrument Number SN572732 on November 2, 2018, in the amount of \$125,000;

**Attached hereto as Exhibit “R” is a true copy of the Second Charge**

- (c) A third charge in favour of LCX, being the Collateral Mortgage, registered as Instrument Number SN587591 on May 3, 2019, in the amount of \$300,000;
- (d) A lien in favour of Her Majesty the Queen in right of Canada as represented by the Minister of Finance in the amount of \$65,392.

**Attached hereto as Exhibit “S” is a true copy of the lien registered on title to the Taylor Property**

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

**Attached hereto as Exhibit “T” is a true copy of Notice of Sale issued by the First Mortgagee**

**Attached hereto as Exhibit “U” is a true copy of Notice of Sale issued by the Second Mortgagee**

25. Given the existing Power of Sale proceedings involving the Taylor Property, upon the initial return date LCX did not seek the appointment of a Receiver over the Taylor Property, though this relief was claimed for in the Notice of Application.

**Attached hereto as Exhibit “V” is a true copy of the Notice of Application**

### **Transfer of First and Second Mortgages**

26. Contrary to expectations, no further enforcement steps in relation to the Taylor Property were taken by the prior mortgagees. LCX did not receive any further notices or service of any proceedings respecting the Taylor Property.

27. As is now known, the first and second charges on title to the Taylor Property were instead both transferred by Transfer of Charge registered on title as Instrument Number SN669720 on April 16, 2021. Both charges are now held by a company named Ra-Tech CAD Services Inc. (“Ra-Tech”).

**Attached hereto as Exhibit “W” is a true copy of the Transfer of Charge**

**Attached hereto as Exhibit “X” is a true copy of the corporation profile for Ra-Tech**

28. Ra-Tech does not appear to have a website and nothing is known about the business operations of Ra-Tech, or if it is an operating business at all. The sole officer and director of Ra-Tech is Mr. Andrew Ferri. Mr. Ferri is a known associate of Mr. Taylor who, shortly following the Receiver’s appointment, contacted LCX to inquire about potentially refinancing the Versitec indebtedness and terminating the Receivership proceedings involving Versitec.

### **Recent Communications Relating to the Taylor Property**

-10-

29. I am advised by my counsel, Stewart Thom of Torkin Manes LLP, that in early November 2021, Mr. Thom reached out to counsel of record for the first and second mortgagees (indicated on the Notices of Sale issued by them) for the purpose of determining contact information for Ra-Tech or its legal counsel.

30. Mr. Thom was advised at that time that the lawyer acting for Ra Tech in connection with assignment of the mortgages had been Mr. Paul Leon, of Blackadder Leon Marion Fazari LLP. Mr. Thom was also advised that Ra-Tech had specifically requested at the time of the assignments that the Power of Sale proceedings initiated by the prior mortgagee be assigned to it together with the mortgage.

31. Though he has not acted as Mr. Taylor's lawyer of record in this proceeding, Mr. Leon is referenced in various communications, including by himself, as being Mr. Taylor's lawyer. Mr. Leon would appear to simultaneously be acting for both mortgagee and mortgagor in relation to the Ra-Tech held charges on the Taylor Property.

**Attached hereto and marked as Exhibit "Y" are copies of correspondence referencing Mr. Leon's representation of Mr. Taylor**

32. After leaving several messages with his office via telephone, Mr. Thom reached out to Mr. Leon via email on November 25, 2021, the day after judgment against Mr. Taylor was obtained, to inquire as to the status of any enforcement proceedings by his client.

33. In a follow up phone call Mr. Thom spoke with Mr. Leon and was advised that the issues concerning the mortgage were being transferred to another lawyer, whose contact information

-11-

would be provided once known. Mr. Thom expressed to Mr. Leon his concern that should there be any dealings with the Taylor Property, LCX would want to see that an appropriate sale and marketing process had been employed, and would likely take issue with any private sale or lack of exposure to the market. Mr. Leon, I am advised by Mr. Thom, confirmed to Mr. Thom that he would advise as to any intended dealings with the respect to the Taylor Property.

34. On December 17, 2021, the Receiver was contacted by a minority shareholder in Versitec and advised that David Taylor was no longer living in the Taylor Property, that Ra-Tech had foreclosed on the Taylor Property and that the Taylor Property had now been sold, with an arrangement in place that would result in Ra-Tech retaining the adjacent lot which was intended by them to be severed from the part-lot on which the residence is located.

35. Mr. Thom immediately obtained a subsearch of title, which did not reflect the set of circumstances described to the Receiver and which continued to show the house as being owed by Mr. Taylor.

36. Mr. Thom nonetheless reached out to Mr. Leon to inquire as to whether there had been any dealings in relation to, or changes with respect to, the Taylor Property, as well as inquire as to whether Ra Tech was now in possession of same. Mr. Thom reiterated to Mr. Leon on that date:

We have no desire to be in a position where we would need to get into litigation with your client. As long as we are kept in the loop as to any intended dealings with the property, there is no reason why that should take happen. It will obviously be a lot easier to deal with the issue of the propriety of any dealings before, rather than after, they occur.

-12-

37. Mr. Thom further requested a statement as to the indebtedness owed pursuant to the Ra Tech assigned mortgages, which statement has to date still not been provided.

38. On January 12, 2022, David Taylor contacted the Receiver and advised the Receiver:

- (a) That Andy Ferri / Ra Tech is selling Taylor Property pursuant to an offer it received in November 2021, but the sale had not yet closed;
- (b) That Taylor had been “evicted” from the Taylor Property and had not been allowed to return for the purpose of obtaining his personal belongings;
- (c) That the Taylor Property was presently being occupied by James Smith, whom Taylor knew to be a local-area resident;
- (d) That Taylor claimed to have ben in the hospital for a period of time with a spinal injury and returned home following his discharge to find James Smith occupying the house, but decided to take no further action.

39. Following disclosure to Mr. Thom of the foregoing conversation on January 12, 2022, Mr. Thom again wrote to Mr. Leon to request confirmation as to the status of the Property. No immediate reply was received.

40. On January 13, 2022, Mr. Thom wrote to Mr. Leon to:

- (a) Request confirmation as to whether nay agreements were in place with respect to the Taylor Property; and
- (b) Request confirmation of the amounts owed to Ra Tech; and



-13-

(c) Advise of LCX's intention to redeem the ra-Tech charges.

41. On Friday January 14, 2022, I attended at the Taylor Property in hopes of confirming its present occupants. Although it was evident that someone was inside, no one answered the door, despite several attempts by me at knocking. I left the property, but and returned shortly afterwards and found an individual outside on the front porch, smoking. I approached the individual who confirmed:

(a) that he was James Smith;

(b) that Mr. Taylor was no longer living at the Taylor Property;

(c) that the house was now occupied by Smith; and

(d) that he had an agreement with Mr. Ferri to purchase the Taylor Property which he had signed with Mr. Ferri "a couple of weeks ago".

42. Mr. Smith declined to provide a copy of the agreement at that time, but provided me with his email address, which he stated to be [Smitty2729@gmail.com](mailto:Smitty2729@gmail.com). I have subsequently followed up with Mr. Smith and attempted to obtain a copy of the alleged agreement, but have received no response.

43. Mr. Leon responded to Mr. Thom on Monday, January 17, 2022, and advised that Ra Tech was now in possession of the Taylor Property. Mr Leon also advised that the Taylor Property had not been sold to James Smith, contrary to Smith's account, but confirmed that it was the intention of his client to sell the Taylor Property by Power of Sale.

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44. That same day, Mr. Thom responded to Mr. Leon, requesting a phone call to discuss these matters. Additionally, Mr. Thom requested of Mr. Leon confirmation as to:

- (a) Ra Tech's specific intentions with respect to the sale of the Taylor Property;
- (b) Any arrangements in place with James Smith in relation to his occupancy of the Taylor Property; and
- (c) The means by which possession of the Taylor Property was obtained by Ra Tech.

45. Mr. Leon responded to Mr. Thom on January 18, 2022 and requested that Mr. Thom speak with Mr. Ferri directly on these matters. I am advised by Mr. Thom that Mr. Thom made numerous attempts to contact Mr. Ferri on January 18, 2022, but that none of his calls or emails were answered or returned.

**Attached hereto as exhibit "Z", collectively, are true copies of the exchange of correspondence referenced above**

#### **LCX Concerns and Requirement for Receiver**

46. LCX states that there is good reason to suspect that its security is at risk, and that the appointment of a Receiver is necessary to ensure that an appropriate marketing and sale process is implemented in relation to the Taylor Property. In particular:

- (a) Ra Tech and its principal, Andrew Ferri, are associates and closely related or non-arm's length parties to David Taylor, the property owner. Both are represented

-15-

by the same lawyer despite the former's stated intention to sell the Taylor Property by Power of Sale;

- (b) Internet and case law searches regarding Mr. Ferri disclose a number of concerning materials, including a prior fraud conviction which additionally resulted in his being expelled from the College of Chartered Accountants, contempt of court orders, allegations of receipt of fraudulently conveyed property and scathing judicial commentary from Justice Myers respecting conduct in litigation;

**Attached hereto as Exhibit "AA" is a true copy of various decisions and articles featuring Mr. Ferri**

- (c) Mr. Taylor described Mr. James Smith as known to him, but did not disclose their personal relationship. I am advised by Norm Loubier that Mr. Smith, known as "Smitty", is actually a former employee of Versitec and is an acquaintance of Mr. Taylor. The Receiver has confirmed that a James Smith was indeed formerly employed at Versitec, prior to the Receivership of Versitec;
- (d) Mr. Ferri / Ra-Tech and Mr. Smith have told conflicting accounts of whether there is an agreement in place between respecting the sale of the Taylor Property;
- (e) It appears to be likely that possession of the Property may have been willingly surrendered by Mr. Taylor, despite the varying accounts. Neither Ra-Tech nor its counsel have responded to questions from LCX's legal counsel as to how possession was obtained by Ra-Tech without any Court Order;

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- (f) Despite requests for confirmation from Ra-Tech of the amount required to discharge the assigned mortgages, as well as notice of LCX's intention to redeem given on December 20, 2021, January 13, 2022 and January 17, 2022, this information has not been provided to LCX;
- (g) Despite Ra-Tech apparently having had possession of the Taylor Property for over one month, the Taylor Property has not been listed for sale on the multiple listing service or otherwise advertised to the public for sale.

47. It is believed that there is likely sufficient value in the Taylor Property to fully repay the First, Second and Third Mortgages in full. LCX wishes to ensure that a reasonable sale and marketing process is employed in relation to the Taylor Property and conducted with a view to maximizing value received for same

48. LCX is concerned that should a private sale occur without exposure of the Taylor Property to the market, maximum realization on the Taylor Property will not be obtained. LCX is further concerned that suspicious circumstances abound in relation to the Taylor Property at the present time, and states that there is reason to suspect that the relevant parties may acting in concert with a view to avoiding payment, in whole or in part, of LCX's charge.

49. On the basis of the communications had to date, LCX has no confidence that Ra-Tech intends to share information and cooperate with LCX in relation to the exercise of its power of sale. The appointment of a receiver and the implementation of a court supervised sale process will decrease the likelihood of any fallout litigation, and related expense, which may result from power of sale proceedings be exercised in contentious circumstances.

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50. The appointment of a receiver will ensure that the Taylor Property is appropriately maintained prior to any sale. For instance, it is not presently known whether any insurance is place in respect of the Taylor Property.

51. Any additional expense associated with a sale by Receiver in the circumstances is unlikely to have any direct impact on the financial interests of any party other than LCX.

52. Should it be the case that severance is possible and would be advantageous to realizations on the Taylor Property, the appointment of a Receiver may be convenient to such purpose.

53. I make this affidavit for no improper purpose.

**SWORN** by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on January 18, 2022 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.




---

Commissioner for Taking Affidavits  
(or as may be)

**STEWART THOM**




---

**JONATHAN BRINDLEY**

RCP-E 4D (February 1, 2021)

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

**AFFIDAVIT**

**TORKIN MANES LLP**  
Barristers & Solicitors  
151 Yonge Street, Suite 1500  
Toronto ON M5C 2W7

Stewart Thom (55695C)  
sthom@torkinmanes.com  
Tel: 416-777-5197

Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-F 4C (September 1, 2020)

This is Exhibit "A " to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, appearing to be 'JB', with a long horizontal line extending to the right.

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Request ID: 024288426  
 Transaction ID: 74841378  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2020/03/03  
 Time Report Produced: 14:15:42  
 Page: 1

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## CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1369457	LIQUID CAPITAL EXCHANGE CORP.	1999/08/13
		<b>Jurisdiction</b>
		ONTARIO
<b>Corporation Type</b>	<b>Corporation Status</b>	<b>Former Jurisdiction</b>
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
<b>Registered Office Address</b>		<b>Date Amalgamated</b>
5734 YONGE STREET		NOT APPLICABLE
<b>Suite # 400</b>		<b>New Amal. Number</b>
TORONTO		NOT APPLICABLE
ONTARIO		<b>Notice Date</b>
CANADA M2M 4E7		NOT APPLICABLE
<b>Mailing Address</b>		<b>Letter Date</b>
5734 YONGE STREET		NOT APPLICABLE
WILDEBOER DELLELCE PLACE		<b>Revival Date</b>
<b>Suite # 400</b>		NOT APPLICABLE
TORONTO		<b>Continuation Date</b>
ONTARIO		NOT APPLICABLE
CANADA M2M 4E7		<b>Transferred Out Date</b>
		NOT APPLICABLE
		<b>Cancel/Inactive Date</b>
		NOT APPLICABLE
		<b>EP Licence Eff.Date</b>
		NOT APPLICABLE
		<b>EP Licence Term.Date</b>
		NOT APPLICABLE
		<b>Date Commenced in Ontario</b>
		NOT APPLICABLE
		<b>Date Ceased in Ontario</b>
		NOT APPLICABLE
<b>Activity Classification</b>	<b>Number of Directors</b>	
NOT AVAILABLE	<b>Minimum</b>	
	<b>Maximum</b>	
	00001	00010



Request ID: 024288426  
 Transaction ID: 74841378  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2020/03/03  
 Time Report Produced: 14:15:42  
 Page: 2

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## CORPORATION PROFILE REPORT

### Ontario Corp Number

1369457

### Corporation Name

LIQUID CAPITAL EXCHANGE CORP.

### Corporate Name History

LIQUID CAPITAL EXCHANGE CORP.

### Effective Date

1999/12/23

LIQUID EXCHANGE CORP.

1999/08/13

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

### Administrator:

Name (Individual / Corporation)

BRIAN  
 CENTER

### Address

333 MELROSE DRIVE  
 UNIT 11D  
 RICHARDSON  
 TEXAS  
 UNITED STATES OF AMERICA 75080

Date Began

2019/04/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Request ID: 024288426  
 Transaction ID: 74841378  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2020/03/03  
 Time Report Produced: 14:15:42  
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## CORPORATION PROFILE REPORT

### Ontario Corp Number

1369457

### Corporation Name

LIQUID CAPITAL EXCHANGE CORP.

### Administrator:

#### Name (Individual / Corporation)

RICHARD  
 COLES

#### Address

5734 YONGE STREET  
 Suite # 400  
 TORONTO  
 ONTARIO  
 CANADA M2M 4E7

### Date Began

2019/04/24

### First Director

NOT APPLICABLE

### Designation

OFFICER

### Officer Type

SECRETARY

### Resident Canadian

### Administrator:

#### Name (Individual / Corporation)

CHENG  
 DANG

#### Address

5734 YONGE STREET  
 Suite # 400  
 TORONTO  
 ONTARIO  
 CANADA M2M 4E7

### Date Began

2019/03/28

### First Director

NOT APPLICABLE

### Designation

DIRECTOR

### Officer Type

### Resident Canadian

Y

Request ID: 024288426  
 Transaction ID: 74841378  
 Category ID: UN/E

Province of Ontario  
 Ministry of Government Services

Date Report Produced: 2020/03/03  
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 Page: 4

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## CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1369457	LIQUID CAPITAL EXCHANGE CORP.

**Administrator:**  
**Name (Individual / Corporation)**

SOL  
 ROTER

**Address**

5734 YONGE STREET  
 Suite # 400  
 TORONTO  
 ONTARIO  
 CANADA M2M 4E7

**Date Began**

1999/08/13

**First Director**

NOT APPLICABLE

**Designation**

DIRECTOR

**Officer Type**

**Resident Canadian**

Y

**Administrator:**  
**Name (Individual / Corporation)**

ROBERT  
 THOMPSON-SO

**Address**

5734 YONGE STREET  
 Suite # 400  
 TORONTO  
 ONTARIO  
 CANADA M2M 4E7

**Date Began**

2015/06/16

**First Director**

NOT APPLICABLE

**Designation**

DIRECTOR

**Officer Type**

**Resident Canadian**

Y

Request ID: 024288426  
Transaction ID: 74841378  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2020/03/03  
Time Report Produced: 14:15:42  
Page: 5

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## CORPORATION PROFILE REPORT

**Ontario Corp Number**

1369457

**Corporation Name**

LIQUID CAPITAL EXCHANGE CORP.

**Administrator:  
Name (Individual / Corporation)**

ROBERT  
THOMPSON-SO

**Address**

5734 YONGE STREET  
  
Suite # 400  
TORONTO  
ONTARIO  
CANADA M2M 4E7

**Date Began**

2015/06/16

**First Director**

NOT APPLICABLE

**Designation**

OFFICER

**Officer Type**

VICE-PRESIDENT

**Resident Canadian**

Request ID: 024288426  
Transaction ID: 74841378  
Category ID: UN/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2020/03/03  
Time Report Produced: 14:15:42  
Page: 6

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## CORPORATION PROFILE REPORT

**Ontario Corp Number**

1369457

**Corporation Name**

LIQUID CAPITAL EXCHANGE CORP.

**Last Document Recorded**

<b>Act/Code</b>	<b>Description</b>	<b>Form</b>	<b>Date</b>
CIA	ANNUAL RETURN 2018	1C	2019/08/18 (ELECTRONIC FILING)

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

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

This is Exhibit " B" to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, appearing to be 'J. Brindley', written over a horizontal line.

---

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date	
1635536	1635536 ONTARIO INC.	2005/01/21	
		Jurisdiction	
		ONTARIO	
Corporation Type	Corporation Status	Former Jurisdiction	
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE	
Registered Office Address	Date Amalgamated	Amalgamation Ind.	
DAVID TAYLOR 4 STONEBRIDGE DRIVE UNIT 4	NOT APPLICABLE	NOT APPLICABLE	
PORT COLBORNE ONTARIO CANADA L3K 5V4	New Amal. Number	Notice Date	
	NOT APPLICABLE	NOT APPLICABLE	
Mailing Address	Letter Date		
DAVID TAYLOR 4 STONEBRIDGE DRIVE UNIT 4	NOT APPLICABLE		
PORT COLBORNE ONTARIO CANADA L3K 5V4	Revival Date	Continuation Date	
	NOT APPLICABLE	NOT APPLICABLE	
	Transferred Out Date	Cancel/Inactive Date	
	NOT APPLICABLE	NOT APPLICABLE	
	EP Licence Eff.Date	EP Licence Term.Date	
	NOT APPLICABLE	NOT APPLICABLE	
	Number of Directors Minimum      Maximum	Date Commenced in Ontario	Date Ceased in Ontario
	00001      00005	NOT APPLICABLE	NOT APPLICABLE
Activity Classification			
NOT AVAILABLE			

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1635536	1635536 ONTARIO INC.

Corporate Name History	Effective Date
1635536 ONTARIO INC.	2005/01/21

<b>Current Business Name(s) Exist:</b>	YES
<b>Expired Business Name(s) Exist:</b>	YES - SEARCH REQUIRED FOR DETAILS

Administrator: Name (Individual / Corporation)	Address
DAVID CARPENTER	50 DUFFERIN STREET  WELLAND ONTARIO CANADA L3C 4K4

<b>Date Began</b>	<b>First Director</b>	
2005/01/21	NOT APPLICABLE	
<b>Designation</b>	<b>Officer Type</b>	<b>Resident Canadian</b>
OFFICER	SECRETARY	



# CORPORATION PROFILE REPORT

<b>Ontario Corp Number</b>	<b>Corporation Name</b>
1635536	1635536 ONTARIO INC.

<b>Administrator: Name (Individual / Corporation)</b>	<b>Address</b>
DAVID TAYLOR	518 KING STREET  PORT COLBORNE ONTARIO CANADA L3K 4H6

<b>Date Began</b>	<b>First Director</b>	<b>Resident Canadian</b>
2005/01/21	NOT APPLICABLE	
<b>Designation</b>	<b>Officer Type</b>	<b>Resident Canadian</b>
DIRECTOR		Y

<b>Administrator: Name (Individual / Corporation)</b>	<b>Address</b>
DAVID TAYLOR	518 KING STREET  PORT COLBORNE ONTARIO CANADA L3K 4H6

<b>Date Began</b>	<b>First Director</b>	<b>Resident Canadian</b>
2005/01/21	NOT APPLICABLE	
<b>Designation</b>	<b>Officer Type</b>	<b>Resident Canadian</b>
OFFICER	PRESIDENT	Y

# CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1635536	1635536 ONTARIO INC.

Last Document Recorded		
Act/Code	Description	Date
CIA	CHANGE NOTICE	2016/05/10

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

**ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.**

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

This is Exhibit " C" to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right.

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Department of State: Division of Corporations

[Allowable Characters](#)

- HOME**
- About Agency
- Secretary's Letter
- Newsroom
- Frequent Questions
- Related Links
- Contact Us
- Office Location
- SERVICES**
- Pay Taxes
- File UCC's
- Delaware Laws Online
- Name Reservation
- Entity Search
- Status
- Validate Certificate
- Customer Service Survey
- Loading...

Entity Details

**THIS IS NOT A STATEMENT OF GOOD STANDING**

**File Number:** 4927964      **Incorporation Date / Formation Date:** 1/18/2011 (mm/dd/yyyy)

**Entity Name:** VERSITEC MARINE USA INC.

**Entity Kind:** Corporation      **Entity Type:** General

**Residency:** Domestic      **State:** DELAWARE

**REGISTERED AGENT INFORMATION**

**Name:** UNITED CORPORATE SERVICES, INC.

**Address:** 874 WALKER RD STE C

**City:** DOVER      **County:** Kent

**State:** DE      **Postal Code:** 19904

**Phone:** 877-734-8300

Additional Information is available for a fee. You can retrieve Status for a fee of \$10.00 or more detailed information including current franchise tax assessment, current filing history and more for a fee of \$20.00.

Would you like  Status  Status, Tax & History Information

For help on a particular field click on the Field Tag to take you to the help area.

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This is Exhibit "D" to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, appearing to be 'J. Brindley', written over a horizontal line.

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## CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

**FOR VALUABLE CONSIDERATION**, the receipt and sufficiency of which is acknowledged, the undersigned **DAVID TAYLOR**, an individual resident in the City of Port Colborne, in the Province of Ontario (the "**Guarantor**"), hereby covenants and agrees with and absolutely and unconditionally guarantees to **LIQUID CAPITAL EXCHANGE CORP.** (the "**Creditor**"), payment forthwith after demand as hereinafter provided, of the debts or liabilities, whether direct, contingent or otherwise, present or future, matured or not, which any or all of **1635536 ONTARIO INC.**, a corporation incorporated under the laws of the Province of Ontario, and **VERSITEC MARINE USA INC.**, a corporation incorporated under the laws of the State of Delaware, (collectively the "**Debtors**" and each a "**Debtor**") has incurred or is under or may incur or be under to the Creditor, whether arising from dealings between the Creditor and any of the Debtors or from any dealings or proceedings by which any of the Debtors may become in any manner whatsoever liable to the Creditor whether as principal or surety or otherwise and the Guarantor guarantees to the Creditor the payment of all costs, expenses and solicitor's fees incurred by the Creditor in connection with any default on the part of any of the Debtors in making payment to the Creditor.

### THE GUARANTOR FURTHER COVENANTS AND AGREES THAT:

1. Continuing Guarantee: This shall be a contract of continuing guarantee intended to cover any number of transactions and shall cover present debts or liabilities (if any) of each of the Debtors to the Creditor and all debts or liabilities incurred after the date hereof and shall apply to and secure any ultimate balance due or remaining due to the Creditor and shall be binding as a continuing obligation on the Guarantor, it being agreed that a fresh cause of action shall be deemed to arise in respect of each default on the part of any of the Debtors.
2. Recourse: The Creditor shall not be bound to exhaust its recourse against any of the Debtors, the Guarantor, other parties or any securities or guarantees which it may hold before making a demand upon the Guarantor for payment, and the liability of the Guarantor arises when notice in writing is given to the Guarantor as hereinafter provided, requiring payment. The Guarantor renounces all benefits of discussion and division.
3. Extension of Time Etc: The Creditor may grant extensions of time or other indulgences to any of the Debtors, the Guarantor, or to any other parties liable to the Creditor on or in respect of any indebtedness hereby guaranteed and may take and give up securities, accept compositions, settlements and compromises, grant releases and discharges, extensions of credit or variations of lending terms and otherwise deal with any of the Debtors, the Guarantor or any other party as the Creditor may deem expedient, and may give up or modify or abstain from filing, perfecting, recording or registering or taking advantage of any securities or instruments held by it as collateral and may realize the said securities in any manner that the Creditor considers expedient, all without obtaining the consent of the Guarantor and without giving notice to the Guarantor, and may in its absolute discretion appropriate and apply all monies received from any of the Debtors, the Guarantor or other parties, or from the said securities, upon such part of any of the respective Debtors' debts or liabilities as it may consider best, and from time to time may revoke or alter any such appropriation, all of the foregoing without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee.

4. Loss of Security: Any loss of or in respect of securities received by the Creditor from any of the Debtors, the Guarantor or any other person, whether occasioned through default or negligence of the Creditor or otherwise, shall not discharge *pro tanto* or lessen the liability of the Guarantor under this guarantee and postponement of claim.

5. Postponement: Any debts now or hereafter owed by any or all of the Debtors to the Guarantor or any claims now or hereafter made against any or all of the Debtors are and shall be held by the Guarantor for the further security of the Creditor, and, as between the Guarantor and the Creditor, are hereby postponed to the indebtedness now or hereafter owed by any or all the respective Debtors to the Creditor, and any such debts and claims of the Guarantor shall be held in trust for the Creditor and shall be collected, enforced or proved subject to and for the purposes of this guarantee and postponement of claim and any monies received by the Guarantor in respect thereof shall upon demand be paid over to the Creditor on account of the said debts and claims; and no such debt or claim of the Guarantor against any or all of the respective Debtors shall be released or withdrawn by the Guarantor unless the Creditor's written consent to such release or withdrawal is first obtained and the Guarantor shall not permit the prescription of any such debt or claim by any statute of limitations nor assign any such debt or claim to any person other than the Creditor nor ask for or obtain any security or negotiable paper for or other evidence of any such debt or claim except for the purpose of delivering the same to the Creditor. The Creditor may at any time give notice to any or all of the Debtors requiring such Debtors to pay to the Creditor any or all of the debts or claims of the Guarantor against such Debtors and in that event such debts and claims are hereby assigned and transferred to the Creditor. In the event of liquidation, winding up or bankruptcy of any of the Debtors (whether voluntary or compulsory) or in the event that any of the Debtors shall make a bulk sale of any of their respective assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, any and all dividends or other monies which may be due or payable to the Guarantor in respect of the debts or claims of the Guarantor against the Debtors are hereby assigned and transferred to and shall be due and be paid to the Creditor, and for such payment to the Creditor this shall be sufficient warrant and authority to any person making the same. The Guarantor shall at any time and from time to time at the request of and as required by the Creditor, make, execute and deliver all statements of claim, proofs of claim, assignments and other documents and do all matters and things which may be necessary or advisable for the protection of the rights of the Creditor under and by virtue of this instrument.

6. Default: Upon default in payment of any sum owing by any of the Debtors to the Creditor at any time, the Creditor may treat the whole of the indebtedness hereby secured as due and payable and may forthwith collect all or any part of the total amount hereby guaranteed and may apply the sum so collected upon any of the respective Debtors' debts or liabilities as it may consider best.

7. Accounts: The account settled or stated by or between the Creditor and any of the respective Debtors shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by such Debtors to the Creditor is so due.

8. Change in Corporate Status: Any change or changes in the name, objects, capital, control or constitution of any of the Debtors shall not affect or in any way limit or lessen the liability of

the Guarantor hereunder, and, in any such case, the provisions hereof shall be applicable to all transactions occurring and all debts and liabilities incurred as well after as before such change or changes, and this guarantee and postponement of claim shall extend to any person, firm or corporation acquiring or from time to time carrying on the business of any of the Debtors.

9. Powers of Debtor: The Creditor shall not be concerned to see or enquire into the powers of any of the Debtors or any of their respective directors, officers, partners or agents acting or purporting to act on behalf of any Debtor, and this guarantee and postponement of claim shall apply notwithstanding any irregularity, defect or informality in the powers of any of the Debtors or any of their respective directors, officers, partners or agents acting or purporting to act on behalf of any Debtor and whether or not any of the Debtors is a legal or suable entity and whether or not the execution and delivery of any agreement, document or instrument is beyond the powers of any of the Debtors or their respective directors, officers, partners or agents.

10. Payments by Guarantor: Should the Creditor receive from the Guarantor a payment or payments in full or on account of the liability under this guarantee and postponement of claim, the Guarantor shall not be entitled to claim repayment against any of the Debtors until the Creditor's claims against all of the Debtors have been paid in full; and in case of liquidation, winding up or bankruptcy of any of the Debtors (whether voluntary or compulsory) or in the event that any Debtor shall make a bulk sale of its assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, the Creditor shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable for any balance which may be owing to the Creditor by any of the Debtors. In the event of valuation by the Creditor of any of its securities and the retention thereof by the Creditor, such valuation and retention shall not, as between the Creditor and the Guarantor, be considered as a purchase of such securities, or as payment or satisfaction or reduction of any of the respective Debtors' debts or liabilities to the Creditor, or any part thereof.

11. Guarantee in Addition to Other Securities: This guarantee and postponement of claim shall be in addition, supplemental and without prejudice to any other guarantees, postponement agreements and/or securities, negotiable or otherwise, which the Creditor now possesses or hereafter will possess in respect of the liabilities hereby secured or intended so to be secured, and the Creditor shall be under no obligation to marshal in favour of the Guarantor any guarantees, postponement agreements and/or securities or any of the funds or assets which the Creditor may be entitled to receive or have a claim upon.

12. Waiver of Notice Etc.: The Guarantor hereby expressly waives and dispenses with notice of acceptance of this guarantee and postponement of claim, notices of non-payment and non-performance, notices of amounts of indebtedness of the respective Debtors outstanding at any time, protests, demands, enforcement of other security, foreclosure and possessory remedies and the Creditor shall not be bound to exhaust its recourse against any of the Debtors or any other person before it proceeds against the Guarantor.

13. Payment: The Guarantor shall make payment to the Creditor of the amount of any liability of the Guarantor forthwith after demand is made therefor in writing. A demand shall be effectually



made when it is addressed to the Guarantor at the last address of the Guarantor known to the Creditor and is either delivered or posted, prepaid and registered. The liability of the Guarantor shall bear interest, at a rate per annum equal to the greater of (i) the highest annual interest rate applicable to the indebtedness and obligations of the Debtors or any part thereof, and (ii) twelve percent (12%) in excess of the prime lending rate of interest expressed as a rate per annum which the principal Canadian banker of the Creditor establishes as a reference rate of interest in order to determine the interest rate it will charge on that date for loans in Canadian dollars to its customers, in effect at noon on the date in question, from the date of such demand to the date of payment. Any demand so sent shall be deemed to be received and served on the third business day following the day on which it is mailed or on the date of delivery, if delivered.

14. Further Assurances Etc.: The Guarantor agrees to execute such further assurances and do all such further acts and things as may be reasonably required by the Creditor from time to time to perfect or to carry out the provisions and intent hereof. The Guarantor hereby irrevocably appoints and constitutes the Creditor, through any duly authorized officer or employee of the Creditor, to be the true and lawful attorney of the Guarantor, in the name of the Guarantor and on its behalf to execute such assurances and perform such acts and things.

15. Liquidation, Bankruptcy Etc.: In the event of the liquidation, winding up or bankruptcy of any of the Debtors, whether voluntary or compulsory, or in the event that any of the Debtors shall make any composition with creditors or scheme of arrangement, the liability of the Guarantor to the Creditor shall not be lessened nor limited in any manner whatsoever.

16. Principal Debtor: Any sum which may not be recoverable from the Guarantor on the basis of a guarantee shall be recoverable from the Guarantor as sole or principal debtor on demand, with interest thereon at the rate specified to be recoverable from the Guarantor pursuant to this guarantee and postponement of claim.

17. Assignment: The Creditor may in its absolute discretion assign its rights hereunder without notice thereof to the Guarantor.

18. Death: The death or loss or diminution of capacity of the Guarantor shall not affect or in any way limit or lessen the liability of the Guarantor hereunder.

19. Termination: The Guarantor may, by notice in writing delivered to the Creditor at the head office of the Creditor, terminate the Guarantor's further liability hereunder in respect of any debts or liabilities of any of the Debtors incurred or arising after the expiration of thirty (30) days from the date of receipt of such notice by the Creditor. All debts or liabilities of any of the Debtors incurred or arising whether direct, contingent or otherwise and whether matured or not prior to the expiry of such thirty (30) day period shall continue to be guaranteed by the Guarantor as herein contemplated and the Guarantor shall continue to be liable therefor. Any termination of further liability by any one or more other guarantors of the debts, liabilities and indebtedness of any of the Debtors to the Creditor, shall not affect or prevent the continuance of the liability hereunder of the Guarantor.

20. Possession of Guarantee: This guarantee and postponement of claim shall be operative and binding upon the Guarantor and possession of this instrument by the Creditor shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement or that it should not be effective until any conditions precedent or subsequent have been complied with. This guarantee and postponement of claim may be executed and delivered by facsimile and a facsimile copy so executed and delivered shall be deemed to be an original.

21. Severability: Any provision of this instrument which is illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

22. Receipt: The Guarantor acknowledges receiving a copy of this instrument.

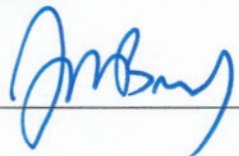
23. Entire Guarantee: There are no representations, collateral agreements or conditions with respect to this guarantee and postponement of claim or affecting the liability of the Guarantor hereunder other than as contained herein.

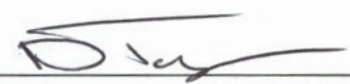
24. Applicable Law: This guarantee and postponement of claim shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein.

25. Succession: This guarantee shall enure to the benefit of the Creditor and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's heirs, executors, administrators and personal legal representatives.

**IN WITNESS WHEREOF** this guarantee and postponement of claim has been executed under seal and delivered by the Guarantor, as of the 21<sup>st</sup> day of June, 2017.

SIGNED, SEALED & DELIVERED )  
in the presence of )

\_\_\_\_\_ )  
Witness  )

 )  
\_\_\_\_\_ )  
David Taylor ) l/s



This is Exhibit "E " to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, appearing to be 'J. Brindley', written over a horizontal line.

---

Torkin Manes LLP  
Barristers & Solicitors  
151 Yonge Street, Suite 1500  
Toronto, Ontario M5C 2W7

Tel: 416-863-1188  
Fax: 416-863-0305  
www.torkinmanes.com

Stewart Thom  
Direct Tel: 416-777-5197  
Direct Fax: 1-877-689-3872  
sthom@torkinmanes.com

An operational  
member of  
AllyLaw

**Torkin | Manes**  
Barristers & Solicitors

January 16, 2020

**PERSONAL AND CONFIDENTIAL  
VIA COURIER AND REGISTERED MAIL**

David Taylor  
4 Stonebridge Drive, Unit 4  
Port Colborne, Ontario L3K 5V4

David Taylor  
518 King Street,  
Port Colborne, Ontario L3K 4H6

Dear Mr. Taylor:

**Re: Liquid Capital Exchange Corp. credit facilities with 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively, "Versitec")**

---

We are counsel to Liquid Capital Exchange Corp. ("**Liquid Capital**").

Enclosed please find a copy of our letter dated January 16, 2020, to Versitec demanding payment of its obligations to Liquid Capital, which obligations amount to the sums of **CAD\$285,623.95** and **USDS\$190,480.01** (the "**Indebtedness**") as at January 14, 2020, together with per diem interest thereon.

According to Liquid Capital's records, you guaranteed payment of the entire Indebtedness pursuant to a written guarantee, dated June 21, 2017 (the "**Guarantee**").

As security for your Guarantee, you granted a demand collateral mortgage in the amount of \$300,000.00 which was registered against title to property municipally described as 518 King Street, Port Colborne, Ontario (the "**Collateral Mortgage**").

On behalf of Liquid Capital, we hereby demand payment from you, pursuant to the terms of the Guarantee and Collateral Mortgage, of the sums of **CAD\$285,623.95** and **USDS\$190,480.01** plus legal fees incurred and to be incurred, together with interest on those sums from January 14, 2020. The exact amount of interest accruing to any proposed date of payment may be obtained by contacting Liquid Capital.

We are enclosing with this letter a Notice of Intention to Enforce Security in accordance with the provisions of Section 244(1) of the *Bankruptcy and Insolvency Act*. Please note the *Bankruptcy and Insolvency Act* provides that a debtor can waive the statutory 10 day period by consenting to

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**Torkin | Manes**  
Barristers & Solicitors

a waiver in writing. We have enclosed a waiver of the 10 day period for your consideration and, if you so elect, you can execute same and return it to our office.

Please be advised that unless payment is made to Liquid Capital, or arrangements satisfactory to Liquid Capital for payment are made within the prescribed time, Liquid Capital will be at liberty to take such further steps as it deems necessary to recover your indebtedness under your Guarantee.

On behalf of Liquid Capital, we expressly reserve Liquid Capital's right to proceed without further notice to you with the enforcement of its rights at any time, if Liquid Capital becomes aware of any circumstances which might impair its position or security.

If you have any questions or concerns, please have your counsel contact the writer.

Govern yourself accordingly.

Yours truly,

**TORKIN MANES LLP**

Per:



Stewart Thom  
ST/sj

Enclosures

24002 0329/13512223\_1

Torkin Manes LLP  
Barristers & Solicitors  
151 Yonge Street, Suite 1500  
Toronto, Ontario M5C 2W7

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sthom@torkinmanes.com

An international  
member of  
AllyLaw

Torkin | Manes  
Barristers & Solicitors

January 16, 2020

**PERSONAL AND CONFIDENTIAL  
VIA COURIER AND VIA REGISTERED MAIL**

1635536 Ontario Inc.  
o/a Versitec Marine & Industrial  
4 Stonebridge Drive, Unit 4  
Port Colborne, Ontario L3K 5V4

Versitec Marine USA Inc.  
1623 Military Road, #283  
Niagara Falls, New York 14304

**Attention: David Taylor and Reuben Byrd**

Dear Sirs,

**Re: Liquid Capital Exchange Corp. credit facilities with 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively, "Versitec")**

---

We are the solicitors for Liquid Capital Exchange Corp. ("**Liquid Capital**") in this matter and write to you with respect to your indebtedness to Liquid Capital as set out below (the "**Indebtedness**").

Please be advised that the forbearance agreement dated April 25, 2019 among 1635536 Ontario Inc. o/a Versitec Marine & Industrial, Versitec Marine USA Inc., Reuben Kary Byrd, David Taylor, Versitec Marine Services Inc. and Liquid Capital (the "**Forbearance Agreement**") pursuant to which Liquid Capital agreed to forbear enforcement of payment of the indebtedness and its security in accordance with the terms of the Forbearance Agreement, expired as of December 31, 2019. In addition to the expiry of the Forbearance Agreement, Liquid Capital has deemed Versitec to be in default of its obligations under the Forbearance Agreement and related credit facilities.

Liquid Capital therefore hereby formally demands repayment in full of all Indebtedness owed to it.

Particulars of your indebtedness to Liquid Capital, calculated as of January 14, 2020, are as follows:

	AC#	Cur.	AR Balance	Net Funds Employed	Accrued Fees	Total Balance Owing
1635536 Ontario Inc. o/a Versitec Marine	4822	CDN	\$251,526.78	\$261,215.59	\$24,408.36	<b>\$285,623.95</b>
1635536 Ontario Inc. o/a Versitec Marine	4821	USD	\$95,073.79	\$78,058.56	\$10,816.90	<b>\$88,875.46</b>
Versitec Marine USA Inc.	4820U	USD	\$75,614.67	\$93,164.50	\$8,440.05	<b>\$101,604.55</b>

**TOTAL CDN INDEBTEDNESS: \$285,623.95**

Per Diem: \$251.53

**TOTAL USD INDEBTEDNESS: \$190,480.01**

Per Diem: \$170.69

Please note that this does not include legal fees incurred and to be incurred.

The Indebtedness is secured by a General Security Agreement dated June 21, 2017 in favour of Liquid Capital, which has been registered under the *Personal Property Security Act* (Ontario) (the "PPSA") as registration no. 20170616 1601 1793 7011, file reference no. 728835813.

Liquid Capital hereby declares that the Indebtedness is now immediately due and payable, including any part thereof which is not by its terms, payable until demand is made.

Please be advised that unless payment or arrangements satisfactory to Liquid Capital for payment of the Indebtedness are made immediately, Liquid Capital will take such further steps as it deems necessary to recover the Indebtedness.

We are enclosing with this letter a Notice of Intention to Enforce Security ("NITES") in accordance with the provisions of Section 244(1) of the *Bankruptcy and Insolvency Act*. Please note the *Bankruptcy and Insolvency Act* provides that a debtor can waive the statutory 10-day period by consenting to a waiver in writing. We have enclosed a waiver of the 10-day period for your consideration and, if you so elect, you can execute same and return it to our office.

Liquid Capital expressly reserves the right to proceed without further notice to you with the enforcement of its right at any time if Liquid Capital becomes aware of any circumstances which might impair its position.



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**Torkin|Manes**  
Barristers & Solicitors

If you have any questions concerning the demand and or NITES we ask that you have your legal counsel contact the writer.

There are serious consequences that flow from any failure to deal with the demand and NITES and I strongly suggest you retain legal counsel to assist you in dealing with these matters.

Govern yourself accordingly.

Yours truly,

**TORKIN MANES LLP**

Per:

A handwritten signature in black ink, appearing to be 'ST' followed by a flourish.

Stewart Thom

ST/sj

Encls.

24002 0329/13511911\_1

**NOTICE OF INTENTION TO ENFORCE SECURITY  
UNDER SECTION 244 (1) OF THE *BANKRUPTCY AND INSOLVENCY ACT***

(Statutory Form 115, SOR/92-579, s. 40)

<b>TO:</b>	David Taylor 4 Stonebridge Drive, Unit 4 Port Colborne, Ontario L3K 5V4	David Taylor 518 King Street, Port Colborne, Ontario L3K 4H6
------------	---	--

**TAKE NOTICE THAT:**

1. LIQUID CAPITAL EXCHANGE CORP., a secured creditor, intends to enforce its security on the property of David Taylor as described below:

All property, undertaking and assets, including all equipment, fixtures, improvements, inventory, accounts receivable, customer lists, goodwill and other intangible property, including without limitation the real property municipally known as 518 King Street, Port Colborne, Ontario (the “**Property**”).

2. The indebtedness is secured by a Charge/Mortgage in the amount of \$300,000.00 registered against title to the Property.
3. The total amount of indebtedness is **CAD\$285,623.95** and **US\$190,480.01** as of January 14, 2020, together with interest accruing on a per diem basis until repaid.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, this 16th day of January, 2020.

**LIQUID CAPITAL EXCHANGE CORP.,**  
By its Solicitors  
**TORKIN MANES LLP**



Per:

---

Stewart Thom

**ACKNOWLEDGEMENT & CONSENT TO WAIVER  
OF STATUTORY 10-DAY PERIOD**

**TO: LIQUID CAPITAL EXCHANGE CORP (“Liquid Capital”)**

**RE: DAVID TAYLOR**

---

I, David Taylor, hereby acknowledge receipt of a letter of demand, dated January 16, 2020, from Liquid Capital for payment of the sum of **CAD\$285,623.95** and **USDS190,480.01** plus legal and enforcement fees incurred and to be incurred plus interest accruing on a per diem basis and in addition acknowledge receipt of Notice of Intention to Enforce Security under Section 244(1) of the *Bankruptcy and Insolvency Act*, dated January 16, 2020 (the “BIA Notice”).

I hereby consent to the immediate enforcement by Liquid Capital of its rights as a secured creditor and hereby waive the ten-day notice period provided for in the BIA Notice.

**DATED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2020**, this Acknowledgment has been executed, sealed and delivered by the parties hereto.

---

**David Taylor**

This is Exhibit " F " to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, appearing to be 'J. Brindley', written over a horizontal line.

---

## FORBEARANCE AGREEMENT

THIS AGREEMENT is made as of the 25th day of April, 2019

AMONG:

**1635536 ONTARIO INC., o/a VERSITEC MARINE & INDUSTRIAL**

a corporation incorporated pursuant to the Laws of the Province of Ontario

(a borrower hereinafter individually called "**Versitec Canada**")  
OF THE FIRST PART;

-and-

**VERSITEC MARINE USA INC.**

a corporation incorporated pursuant to the Laws of the State of Delaware

(a guarantor hereinafter individually called "**Versitec USA**" and collectively with Versitec Canada as the "**Borrowers**")  
OF THE SECOND PART;

- and -

**REUBEN KARY BYRD**, of  
Boca Raton, Florida

(a guarantor hereinafter individually referred to as ("**BYRD** ") and collectively a "**Guarantor**")

OF THE THIRD PART;

- and -

**DAVID TAYLOR**, of  
Port Colborne, Ontario

(a guarantor hereinafter individually referred to as ("**TAYLOR**") and collectively a "**Guarantor**")

OF THE FOURTH PART;

-and-

**VERSITEC MARINE HOLDINGS INC.**

a corporation incorporated pursuant to the Laws of the Province of Ontario

(a guarantor hereinafter individually called "**Holdings**" and collectively as a "**Guarantor**")

OF THE FIFTH PART;

- 2 -

-and -

**LIQUID CAPITAL EXCHANGE CORP.**  
 5734 Yonge Street, Suite 400  
 Toronto, ON M2M 4E7

(hereinafter called “**Liquid Capital**”)

OF THE SIXTH PART

1. **INDEBTEDNESS OF THE BORROWER**

**WHEREAS** the Borrowers carry on business as an equipment manufacturer and service supplier.

**AND WHEREAS** the Borrower is party to various documents and agreements which establish credit facility arrangements between Liquid Capital, as lender, and each of Versitec Canada and Versitec USA, as borrowers, pursuant to: (i) a financing facility agreement dated June 21, 2017 providing for a \$500,000 Canadian & US Dollars loan, (the “**Facility Agreement**”); and (ii) a purchase and sale agreement dated June 21, 2017 providing for the purchase by Liquid Capital and the sale by the Borrowers of certain accounts receivable of the Borrowers (the “**Purchase Agreement**”, and together with the Facility Agreement, the “**Borrower Documents**”).

**AND WHEREAS** particulars of the aggregate Borrower Indebtedness to Liquid Capital as of April 25, 2019 are as follows:

A. **FACILITY INDEBTEDNESS – CANADIAN DOLLARS**

PRINCIPAL AMOUNT OWING	CAD\$49,557.96
INTEREST ACCRUED TO AND INCLUDING April 25, 2019	16,013.58
<b>TOTAL INDEBTEDNESS (the “CAD Indebtedness”)</b>	<b>\$65,571.54</b>

\* per diem interest is CAD\$45.72 and continues to accrue

B. **FACILITY INDEBTEDNESS – UNITED STATES DOLLARS**

PRINCIPAL AMOUNT OWING	USD\$0
INTEREST ACCRUED TO AND INCLUDING April 2 , 2019 .....	0
<b>TOTAL INDEBTEDNESS (the “USD Indebtedness”, and together with the CAD Indebtedness, the “Indebtedness”)</b>	<b>\$0</b>

\* per diem interest is USD\$0 and continues to accrue

C. **SECURITY GRANTED BY BORROWER**

**AND WHEREAS** as security for the Indebtedness, and for any other monies advanced, or as may be advanced in the future by Liquid Capital to the Borrowers, and for all other present and future indebtedness, fees, expenses and other liabilities, direct or indirect, absolute or contingent, due from time to time by Liquid Capital to the Borrowers (collectively, the “**Obligations**”), the Borrowers granted to Liquid Capital security over its assets and undertaking consisting of a General Security Agreement dated June 21, 2017 (the “**Security**”).

D. **GUARANTEES IN SUPPORT OF THE INDEBTEDNESS**

**AND WHEREAS** the Obligations were guaranteed by each of Byrd, Taylor and Versitec Marine Holdings pursuant to separate written continuing guarantee and postponement of claim agreements, each dated June 21, 2017 (collectively, the “**Guarantees**”).

E. **DEFAULT**

**AND WHEREAS** each of the Borrowers and Guarantors acknowledges and agrees that various defaults have occurred under the Borrower Documents, which include, without limitation, the collection of funds and payments from various companies under invoices that had been factored and assigned to Liquid Capital. The failure to remit the foregoing funds constitutes a breach of trust by the Borrowers under the Borrower Documents. The other defaults under the Borrower Documents are more particularly set for in the letter of demand dated November 16, 2018 and issued by Liquid Capital to the Borrowers and the Guarantors.

F. **FORBEARANCE**

**AND WHEREAS** each of the Borrowers and the Guarantors have requested Liquid Capital not effect realization on the Security or upon their respective guarantees, and that Liquid Capital allow the Borrowers a Forbearance Period, as hereinafter set out, within which the Borrowers will obtain refinancing in an amount sufficient to fully repay the Indebtedness on or before the end of the Forbearance Period.

**AND WHEREAS** this Agreement reflects the terms upon which Liquid Capital is agreeable to not immediately take steps to exercise on the Security and the Guarantees and to forbear (having made demand and issuance of Notice of Intention to Enforce Security (“**NITES**”)), which forbearance shall only be effective provided all terms contained in this Agreement are fully complied with.

**AND WHEREAS** the Borrowers and each Guarantor acknowledges and confirms that Liquid Capital issued a demand for repayment to each of them and also issued NITES to each of them, and all of them each hereby request that Liquid Capital forbear in accordance with the terms contained herein, and to not enforce on such demand and NITES, the security granted by the Borrowers, or on the Guarantees, all as hereinafter more particularly set out.

**AND WHEREAS** Liquid Capital has agreed, in reliance upon the representation, warranties and covenants of the Borrowers and each Guarantor contained in this Agreement, and

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subject to the terms and conditions contained herein being fully performed, to permit the parties hereto a Forbearance Period. The Borrowers and the Guarantors each agree to the Forbearance Terms and Forbearance Period as set out in this Forbearance Agreement (“**Agreement**”) and each of them acknowledge the terms and Forbearance Period are reasonable.

2. **REQUEST FOR FORBEARANCE FROM ENFORCING SECURITY**

Each of the Borrowers and the Guarantors, have requested Liquid Capital refrain from effecting on the respective security pledged to Liquid Capital and on the Guarantees given for the Indebtedness until the earlier of (1) December 31, 2019; (2) an Event of Default (as herein after defined) terminating the Forbearance Agreement (“**Forbearance Period**”).

3. **ACKNOWLEDGMENTS**

The Borrowers and each Guarantor jointly and severally, irrevocably and unconditionally acknowledge, represent, warrant and confirm that Liquid Capital is acting herein strictly in reliance upon the representations, warranties and covenants of each of the Borrowers and the Guarantors that:

- (a) each of the documents and agreements comprising the Security is valid and enforceable in accordance with its terms;
- (b) the Forbearance Period is reasonable and accepted by them as such;
- (c) the guarantees given by each of Byrd, Taylor and Versitec Marine Holdings, with respect to the Indebtedness, are valid and enforceable in accordance with its terms;
- (d) there has been a change in ownership of the Borrowers as follows:
  - (i) David Carpenter is no longer an employee with the Borrowers;
  - (ii) Reuben Byrd is a new investor and the CEO of the Borrowers;
  - (iii) Reuben Byrd has agreed to sign a personal guarantee of the obligations of the Borrower to Liquid Capital and Liquid Capital has agreed to enter into this Forbearance Agreement and continue factoring services, as outlined herein, in reliance on such guarantee;
- (e) except as provided in this Agreement or applicable law, Liquid Capital, having delivered demand and NITES as herein set out, is in a position to take steps to enforce on the Security, and on the Guarantees, and pursue all remedies with respect to the obligations of each of the Borrowers and each Guarantor, as it may deem appropriate;
- (f) except as provided in this Agreement, Liquid Capital (either by itself or through its officers, employees or agents or advisors) has made no promises or statement (express or implied, verbal or otherwise), nor has it taken any action or omitted to take any action that would constitute a waiver of its rights to enforce on the



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Security and the Guarantees given in support of the Indebtedness, and pursue its remedies in respect of the obligations of the Borrowers and the Guarantors, including, but not limited to, the Security and the Guarantees;

- (g) The Borrowers will operate solely at their respective leased premises and carry on business in the normal course at all times, and all inventory, accounts receivable, equipment and other assets (including intangibles) used or owned by each of the Borrowers shall at all times continue to be owned by it for its own account and each of the Borrowers will daily and promptly deposit all receivables, and any other income sources, solely in its respective corporate bank account;
- (h) in the event of a default in one or more terms of this Forbearance Agreement, and an Event of Default notice being given (which default has not been specifically waived in writing by Liquid Capital), and a resultant termination of the Forbearance Period, the Borrowers and the Guarantors each acknowledge that the agreement by Liquid Capital to forbear shall automatically, and without further notice thereafter, terminate and be of no further force or effect, it being expressly agreed that the effect of termination will be to permit Liquid Capital to exercise its rights and remedies immediately, including, without limitation, the appointment of a Receiver-Manager (“**Receiver**”) or a trustee in bankruptcy of the assets and undertaking of the Borrowers and to enforce on the Security and the Guarantees;
- (i) The Borrowers hereby expressly acknowledge and confirm their liability for the Indebtedness to Liquid Capital and the Guarantors confirm their Guarantees and that they are valid and enforceable in accordance with the terms of their respective Guarantees.
- (j) The Borrowers and the Guarantors confirm that the demand and NITES sent to them remain in full force and effect throughout the Forbearance Period and that Liquid Capital has not, and will not be deemed to have waived, varied, altered or in any other manner whatsoever withdrawn same. Each of the Borrowers and the Guarantors further acknowledge, consent, and confirm that Liquid Capital may continue to rely on the Demand and NITES and in the event of default hereunder, Liquid Capital shall be entitled to act on them without the need to issue any further or fresh Demand and/or NITES;
- (k) The Borrowers and the Guarantors each acknowledge and confirm that their respective liability for the Indebtedness are valid and enforceable in accordance with the respective loan term agreements and for guarantee agreements and that neither the Borrowers nor the Guarantors have any valid defence, claim, cause of action, counterclaim or rights of setoff or right of reduction or any other claim (in law or in equity) of any kind or nature whatsoever against Liquid Capital, its officers, directors or employees and confirm that Liquid Capital may, and is relying upon such acknowledgment as part of the consideration for entering into this Forbearance Agreement;
- (l) all statements contained in the recitals to this Forbearance Agreement are true and accurate in every respect and are incorporated herein;

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- (m) each of the Demands and NITES issued to the Borrowers and the Guarantors has been validly and effectively given to them and will remain in effect at all times until all Indebtedness and obligations are fully satisfied;
- (n) Liquid Capital has not waived, and shall not be deemed to have waived, any defaults by the Borrowers, and Liquid Capital is immediately entitled, subject only to the terms of this Forbearance Agreement, to take enforcement steps as it determines to do so;
- (o) the entering into of this Forbearance Agreement by Liquid Capital does not constitute a withdrawal or revocation of the Demands or NITES or a waiver of existing or future defaults, or events of default under this Forbearance Agreement or a waiver of the obligation to pay the entirety of the Indebtedness by or before the end of the Forbearance term;
- (p) this Forbearance Agreement has been duly authorized and duly executed and delivered by a duly authorized officer of each of the Borrowers and the Guarantors, that is not an individual, and constitutes a legal, valid and binding obligation of such Borrower and Guarantor, enforceable in accordance with the terms herein set out, and each Guarantor that is an individual has the legal capacity to enter into this Forbearance Agreement;
- (q) this Forbearance Agreement has been fairly and freely negotiated between commercial parties and their respective legal counsel and each party is entering into this Forbearance Agreement voluntarily and without duress, bad faith, unreasonable or oppressive conduct, undue influence or other unfair advantage of any kind by or on behalf of any party hereto;
- (r) as of the date of this Forbearance Agreement being executed, Liquid Capital has acted in a commercially reasonable manner and each of the Borrowers and the Guarantors confirm same and are estopped from disputing same; and
- (s) the facts as set out in the recitals to this Agreement are true and correct, and are incorporated herein and form an integral part of this Agreement and are given knowing they are being relied upon by Liquid Capital as part of the consideration to enter into this Forbearance Agreement.

#### 4. CONTINUATION OF FACTORING SERVICES UP TO \$600,000

The purchase and sale of certain accounts receivable (the “**Factoring Services**”) under the Terms of the Purchase Agreement, shall continue to be provided during the Forbearance Period, subject to the following, which shall amend the terms of the Purchase Agreement, as necessary to give effect the following:

- (a) each of the Borrowers shall be required to factor with Liquid Capital all of their respective accounts receivable which are acceptable to Liquid Capital;

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- (b) all factored receivables shall be on a full notification basis to the applicable customers and with full recourse to the Borrowers and Guarantors, notwithstanding the factoring of such receivables to Liquid Capital;
- (c) A minimum of \$[600,000] of new accounts receivable of the Borrowers that are acceptable to Liquid Capital shall be factored immediately and the initial advance amount, together with any reserve payable on collection, shall be applied against the Indebtedness and all other amounts owing to Liquid Capital hereunder or under the Borrower's Documents, subject to the following deductions, which the Borrowers and the Guarantors agree shall be deducted from the initial advance:
  - (i) legal and other fees incurred by Liquid Capital, which shall include without limitation, legal fees and the fees of the Consultant (which is hereinafter defined); and
  - (ii) all amounts currently owing on account of the Indebtedness.
- (d) Effective immediately, the Borrower shall pay a 3% discount fee of the face value of the accounts receivable invoices purchased by Liquid Capital plus 0.1% per day on any amount that is not paid under such invoices after 30 days from the date of purchase.
- (e) The Borrowers shall comply with all of Liquid Capital's notification conditions and processes from time to time, which shall include, without limitation, the following:
  - (i) sign any required custom factor notification letters;
  - (ii) have a Liquid Capital assignment notification clearly printed on all invoices;
  - (iii) Liquid Capital is hereby authorized to contact and collect from the Borrower's customers any amounts owing under invoices that have been factored by Liquid Capital and to direct all payments owing by such customers to Liquid Capital or as it may otherwise direct; and;
- (f) accounts receivable eligible to be factored by Liquid Capital shall be limited to those accounts receivable that are credit insured by a Liquid Capital insurer or by the Borrowers under an Export Development Canada ("EDC") insurance policy, that is acceptable to Liquid Capital in its sole discretion. The Borrowers and Guarantors acknowledge and agree that all of the Borrowers' rights and benefits under their existing and any future EDC credit policies have been assigned pursuant to the Security. The Borrowers covenant and agree that they will sign such other documents and do such other things as may be requested by Liquid Capital in respect of the assignment of the assignment of the EDC insurance policies and the rights and benefits that arise therefrom.

## 5. COVENANTS

Each of the Borrowers and Guarantors covenants, acknowledges and agrees with Liquid Capital that:

- (a) Performance of all conditions and terms of this Agreement is an integral inducement for Liquid Capital to agree to enter into this Forbearance Agreement and that Liquid Capital is relying upon strict performance of all of the terms hereof and the accuracy and truthfulness of the representations and warranties provided herein as an inducement to enter into this Forbearance Agreement;
- (b) The Borrowers shall engage Newhouse Partners Inc. (the “**Consultant**”) on the terms and conditions more particularly set forth in the engagement letter dated **[March 29, 2019]**. The Borrowers acknowledge and agree that any costs associated with the engagement of the Consultant will be for the account of the Borrowers alone and Liquid Capital shall have no obligation in respect of same.
- (c) The Borrowers acknowledge and agree that notwithstanding any provisions of the Purchase Agreement to the contrary, Liquid Capital may directly contact any of the Borrowers’ account debtors whose accounts have been purchased by Liquid Capital pursuant to the Purchase Agreement in connection with collecting upon such accounts.
- (d) The Borrowers acknowledge and agree that Liquid Capital may continue to provide the Borrowers with factoring services pursuant to the terms of the Purchase Agreement, and subject to section 4 above, during the Forbearance Period in its sole and absolute discretion and Liquid Capital may hold back from any advance amount pursuant such continued factoring arrangements any additional reserves Liquid Capital deems necessary in connection therewith.
- (e) The Borrowers will forthwith provide to Liquid Capital:
  - (i) Payment to Liquid Capital of an extension and administrative fee of \$10,000 (“**Fee**”) to partially reimburse Liquid Capital with respect to the time expended by it with respect to dealing with default issues and negotiating this Agreement. The Fee becomes fully earned, due and payable upon execution by all parties of this Forbearance Agreement. The Fee will be paid by the Borrowers to Liquid Capital on execution of this agreement, without further notice. The Borrowers will ensure there are sufficient funds in its account to pay the Fee;
  - (ii) The Borrowers acknowledge failure to obtain alternate funding sufficient to repay Liquid Capital in full by **December 31, 2019** will be an event of default enabling Liquid Capital to immediately terminate the Forbearance Period and forthwith take all steps it deems necessary to protect its loan and security therefore;

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- (iii) The Borrowers will not declare any dividends, nor repay any shareholders' loan, inter-corporate indebtedness or make any other payment to any corporation or person who does not deal at arm's length (as such term is defined in the *Income Tax Act* (Canada)) with it and no salaries, bonuses or other form of compensation, direct or indirect, will be paid out except as was paid to employees, officers and directors and with payment being consistent with past payment amounts;
- (iv) Each of the Borrowers covenants and warrants that all lease payments for the premises it carries on business from are and will be kept current. Each of the Borrowers covenant to immediately notify Liquid Capital of any non-payment of rent when due, or any other covenant breach by such Borrower of its lease;
- (v) The Borrowers will reimburse Liquid Capital for all expenses, including all legal fees and disbursements, that Liquid Capital has incurred or will incur arising out of its dealings with it, both to date and with respect to, and including the Forbearance Agreement, all matters related to payout, and in any protection, preservation and/or enforcement of the Security or the Guarantees, including the preparation of this Agreement, and covenants and agrees to fully reimburse Liquid Capital for all such expenses and legal fees and disbursements;
- (vi) The Borrowers will provide to Liquid Capital, in accordance with its loan agreement and credit facility terms, all reports, including, but not limited to, weekly reporting as required by Liquid Capital, including, but not limited to, weekly updated cash flow reports and bank statements for all accounts of the Borrowers, and in addition thereto, monthly reporting, including internally prepared financial reports, bank statements with copies of all cancelled cheques, and a statutory declaration signed by a director of the Borrowers, setting out all government priorities (including HST, withholding taxes, CPP and employment insurance), paid and payable, and that all wages to date of declaration are paid and that there are no unpaid monies due for government taxes, liens, deemed trust, super priorities and the Borrowers acknowledge failure to keep same current will be an event of default;
- (vii) prior to any contemplated sale or other disposition of any assets, including but not limited to, the premises lease, or equipment, out of the ordinary course of business, the Borrowers will provide Liquid Capital with full particulars of the contemplated transaction and will not carry out such transaction without the prior written consent of Liquid Capital having been first obtained; and
- (viii) Taylor agrees to provide a collateral charge against his property located at 518 King Street, Port Colborne, Ontario; and

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- (ix) Byrd agrees to provide a collateral charge against his property located at 19480 Saturnia Lakes Drive, Boca Raton, Florida or such local properties as Liquid Capital may agreed upon. To the extent required by law, Byrd covenants and agrees to obtain his spouse's consent to such charge and obtain independent legal advice for his spouse;
- (f) In order to ensure the smooth running and continued operations, the Borrowers agrees to use comfort letters and irrevocable directions as required to ensure key suppliers are paid. As at April 2, 2019 there is approximately \$450,000 of the Borrowers' accounts payable which need to be paid; and
- (g) While the Forbearance Agreement is in place, the Borrowers agree not to obtain or such any borrowings or loans from third parties, including without limitation, Merchant cash loan. In addition, the Borrowers agree, upon the request of Liquid Capital, to repay all outstanding loan obligations to Premium Capital Group Inc. and Merchant Advance Capital and to obtain the discharge of any security relating to these loans, which shall include the registration of financing statements under the *Personal Property Security Act* (Ontario) discharging such loans.

#### 6. **GUARANTOR ACKNOWLEDGEMENT**

Each of the Guarantors confirms to Liquid Capital that each is cognisant of the current financial circumstances of the Borrowers for which it has guaranteed payment pursuant to its guarantee.

#### 7. **DELIVERY OF DOCUMENTS**

The Borrowers and Guarantors shall deliver or cause to be delivered, the following documents, all in a form required by Liquid Capital on or before May 10, 2019:

- (a) Byrd shall deliver an unlimited guarantee using Liquid Capital's standard form guarantee;
- (b) the collateral charges referenced above shall be delivered;
- (c) the consulting agreement with the Consultant; and
- (d) this Forbearance Agreement.

#### 8. **CONSENT TO APPOINTMENT OF RECEIVER-MANAGER ("RECEIVER")**

##### Receiver Application

Upon the earlier of (i) the expiry of the Forbearance Period without repayment in whole to Liquid Capital; or (ii) the occurrence of an Event of Default of which Liquid Capital has given the Borrowers and the Guarantors notice, Liquid Capital may immediately terminate all credit facilities, terminate its forbearance hereunder and the Forbearance Period, and take steps to enforce, without further notice or delay, all of its rights and remedies against each of the Borrowers and each Guarantor for such indebtedness, including taking steps to realize on the

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security and guarantees, which rights and remedies may, at the sole option of Liquid Capital include an application to Court for the appointment of a receiver or receiver-manager and each of the Borrowers and the Guarantors consent to such appointment of a receiver and agree that they do not, and will not, oppose such appointment and that Liquid Capital can rely upon the consent to appointment of a Receiver contained herein and that such consent shall be ongoing until such time as all Indebtedness is fully repaid. Each of the Borrowers and the Guarantors shall be estopped from disputing their respective consent to the appointment of a receiver following an event of default and termination of the forbearance term and this agreement.

9. **EVENTS OF DEFAULT**

The occurrence of any one or more of the following events shall constitute an event of default (“**Event of Default**”) under this Agreement:

- (a) Liquid Capital shall not be repaid in full on or before **[December 31]**, 2019;
- (b) failure to make any other payments to Liquid Capital on their due date;
- (c) failure to provide any reports, certificates, information or materials required to be provided to Liquid Capital pursuant to any Liquid Capital facility agreement, the security granted to Liquid Capital or this Agreement;
- (d) if any representation or warranty provided to Liquid Capital (herein or otherwise) by the parties hereto was incorrect when made or becomes incorrect;
- (e) failure to execute and deliver to Liquid Capital this Forbearance Agreement no later than May 10 2019 ;
- (f) failure to materially perform or comply with any of the covenants, terms, obligations or conditions contained in this Agreement, or in any other agreement or undertaking made between the parties hereto and Liquid Capital;
- (g) if the Security ceases to constitute a valid and perfected security interest against all assets of the Borrowers granted to Liquid Capital, ranking first in priority, or for any other reason Liquid Capital reasonably considers that its security, or any part thereof, is at risk;
- (h) the Borrowers or the Guarantors, or any of them, take any steps to challenge the validity or enforceability of Liquid Capital’s security, the Indebtedness (which shall include without limitation, all indebtedness owing under any continued factoring services provided by Liquid Capital as set out herein, any security granted to Liquid Capital as security for the Indebtedness, the Guarantees, or this Agreement, or any parts thereof;
- (i) if, in Liquid Capital’s commercially reasonable opinion, a material adverse change occurs in the business, affairs or condition of the Borrowers, financial or otherwise, arising for any reason whatsoever;

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- (j) default by the Borrowers under this Forbearance Agreement and for which default Liquid Capital declares an Event of Default and terminates this Agreement and the Forbearance Period;
- (k) if at any time during the forbearance term any of the Borrowers or the Guarantors consents to or makes a general assignment for the benefit of creditors or takes advantage of any insolvency, restructuring, reorganization, other creditor protection legislation, or takes any corporate steps in furtherance of the foregoing, or is declared a bankrupt, or if a liquidator, trustee in bankruptcy, custodian, interim receiver, receiver or receiver manager or other party with similar powers is appointed over the Borrowers or any step in furtherance of any of the foregoing is taken for the Borrowers; and
- (l) the expiry or early termination of this Forbearance Agreement without repayment of all indebtedness owing by the Borrowers to Liquid Capital.

10. **TOLLING ARRANGEMENTS**

- (a) as of the date hereof, and continuing until the termination of the Forbearance Period and thereafter, until the termination of the tolling arrangements hereof in the manner provided for herein, Liquid Capital, each of the Borrowers and the Guarantors hereby agree to toll and suspend the running of the applicable statutes of limitations, laches or other doctrines related to the passage of time in relation to the Indebtedness, the security and the guarantees, and any entitlements arising from the indebtedness or the Security and any other related matters, and each of the parties confirms that this agreement is intended to be an agreement to suspend or extend the basic limitation period provided by Section 4 of the *Limitations Act*, 2002 (Ontario) as well as the ultimate limitation period provided by Section 15 of the *Limitations Act*, 2002 (Ontario) in accordance with the provisions of Section 22 (2) of the *Limitations Act*, 2002 (Ontario) and as a business agreement in accordance with the provisions of Section 22 (5) of the *Limitations Act*, 2002 (Ontario), and any contractual time limitation on the commencement of proceedings, any claims or defences based upon such applicable statute of limitations, contractual limitations, or any time related doctrine including waiver, estoppel or laches; and
- (b) the tolling provisions of this Forbearance Agreement will terminate upon either party providing the other with 60 clear days written notice of an intention to terminate the tolling provisions hereof, and upon the expiry of such 60 days' notice, and any time provided for under the statutes of limitations, laches, or any other doctrine related to the passage of time in relation to the indebtedness, the Security or any entitlements arising from the indebtedness of the Borrowers or the Security and guarantees, and any other related matters, will recommence running as of the effective date of such notice, and, for greater certainty, the time during which the limitation period is suspended pursuant to the tolling provisions of this Forbearance Agreement shall not be included in the computation of any limitation period.



## 11. ENFORCEMENT

Upon the occurrence of either an Event of Default or the non-payment of the Obligations of the Borrowers (“**Termination Event**”), Liquid Capital may forthwith take steps to terminate the Forbearance Period and enforce all security and pursue any or all remedies that it may have against either of the Borrowers and the Guarantors, including, without limitation, the appointment of a Receiver, or a Receiver and Manager over the Borrowers as Liquid Capital shall determine in its sole discretion.

## 12. CREDIT ENQUIRIES

If Liquid Capital is asked to respond to any credit enquiry concerning the Borrowers made by any other bank, financial institution or any other lending party, Liquid Capital may refuse to respond to such enquiry, unless each of the Borrowers and the Guarantors each consent in writing to Liquid Capital responding, and the Borrowers and the Guarantors, hereby release and discharge Liquid Capital in respect of any loss that the Borrowers and/or the Guarantors may suffer as a result of such refusal to respond, or arising from Liquid Capital responding following receipt of written confirmation by each of the Borrowers and the Guarantors to do so.

## 13. NO CLAIMS AGAINST LIQUID CAPITAL

- (a) Each of the Borrowers and the Guarantors, jointly and severally confirm that they do not dispute their liability to pay the indebtedness of the Borrowers or the amount they have guaranteed, on any basis whatsoever, and each of the Borrowers and the Guarantors have no cause of action, claim, set-off, counterclaim or damages, direct or indirect, contingent or otherwise, on any basis whatsoever (in law or in equity) against Liquid Capital as of the date of this Agreement.
- (b) The Borrowers and each of the Guarantors acknowledge that all security and guarantees for the indebtedness of the Borrowers granted to Liquid Capital, or any of it, has not been discharged, varied, waived, released, forgiven, amended, or altered in any manner whatsoever, and continues to be binding upon and is enforceable against it in accordance with its terms. The guarantors acknowledges that the guarantees granted by them to Liquid Capital as security for the Obligations of the Borrowers are in full force and effect and enforceable against them in accordance with the terms thereof.
- (c) Each of the Borrowers and the Guarantors (collectively the “**Releasers**”) hereby releases, remises, acquits and forever discharges Liquid Capital, its officers, directors, employees, consultants and advisors (the “**Released Parties**”) from any and all actions, causes of action, judgments, executions, suits, debts, claims, liabilities, obligations, setoffs, recoupments, counterclaims, defences, damages and expenses of any and every character, known or unknown, suspected or unsuspected, direct and/or indirect, at law or in equity of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any matter or things done, omitted or suffered to be done by any of the Released Parties prior to and after the date hereof, and in any way directly or indirectly arising out of or in any manner connected with the Forbearance Agreement, the loan facility

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documents, the security granted to Liquid Capital (and any enforcement relating thereto) (the “**Released Matters**”). Each Releasor acknowledges that the agreements in this section are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters and constitute a complete waiver of any right of setoff or recoupment, counterclaim or any other defence or cause of action of any nature whatsoever with respect to the Released Parties or which might limit or restrict the effectiveness or scope of its agreements in this section. Each Releasor represents and warrants that it has no knowledge of any claim by it against the Released Parties or any facts, or acts or omissions of the Released Parties which is not released hereby. Each Releasor represents that it has not purported to transfer, assign, pledge or otherwise convey any of its rights, title or interest in any Released Matter to any other person or entity and that the foregoing constitutes a full and complete release of all Released Matters. The Releasors have granted this release freely and voluntarily and without duress.

- (d) Each of the Borrowers acknowledges and agrees with Liquid Capital that with respect to this Agreement, nothing contained herein, or any agreement with Liquid Capital referred to herein, shall have the effect of changing the nature of any part of the Obligations which are characterized as demand facilities from a demand facility, subject to the terms of this Agreement. This Agreement will not discharge or constitute novation of any debt, obligation, covenant or obligation contained in any agreement with Liquid Capital or any security, and same shall remain in full force and effect, save to the extent it is specifically amended by the provisions of this Agreement.

#### 14. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

All representations and warranties made in this Forbearance Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Forbearance Agreement and such other document and shall not affect the continuation of all such representations and warranties and the right of Liquid Capital to rely upon them.

#### 15. **NOTICE**

Without prejudice to any other method of giving notice, any notice required or permitted to be given to a party pursuant to this Agreement shall be conclusively deemed to have been received by such party on the next business day following the sending of the notice by prepaid private courier or on the next business day if sent by facsimile to such party at his, her or its facsimile number and address noted on the first page of this Agreement. Any party may change his, her or its address for service by notice given in the foregoing manner. In the case of The Borrowers and the Guarantors, the address for service as of the date of this Agreement is:

**1635536 Ontario Inc.**  
4 Stonebridge Drive, Unit 4  
Port Colborne, Ontario L3K 5V4  
Attention: David Taylor

**Versitec Marine USA Inc.**

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1623 Military Road, #283  
Niagara Falls, New York, USA 14304  
Attention: David Taylor

**David Taylor**

4 Stonebridge Drive, Unit 4, Port Colborne,  
Ontario, L4K 5V5 Email:  
dtaylor@versitecmarine.com

**Reuben Kary Byrd** 19480 Saturnia Lakes  
Drive, Boca Raton, Florida 33498  
Email: rbyrd@versitecmarine.com

**Liquid Capital Exchange Corp.**

5734 Yonge Street, Suite 400  
Toronto, ON M2M 4E7  
Attention: Jonathan Brindley  
Email: jbrindley@liquidcapitalcorp.com

– with a copy to –  
Torkin Manes LLP  
151 Yonge Street, Suite 1500  
Toronto, ON M5C 2W7  
Attention: Jeffrey Alpert  
Email: jalpert@torkinmanes.com

**16. TIME OF THE ESSENCE**

Each of the parties hereto acknowledges that time is of the essence of this Agreement. A waiver by Liquid Capital of any default, event of default, breach or non-compliance under this Agreement is not effective unless in writing and executed by Liquid Capital confirming such waiver by Liquid Capital.

**17. FURTHER ASSURANCES**

Each party agrees to promptly do, make, execute and deliver all such further acts, documents and instruments as Liquid Capital may reasonably require to allow Liquid Capital to enforce any of its rights under this Agreement and to give effect to the intention of this Agreement.

**18. LAWS OF ONTARIO**

This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada (without regard to any rules or principles relating to conflicts of law) applicable therein. The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the Courts of the Province of Ontario and the Provincial and federal laws of Canada applicable thereto. Notwithstanding the provisions herein, each of the Borrowers and the Guarantors acknowledge

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and agree that Liquid Capital shall be at liberty to take enforcement proceedings, including appointment of a Receiver, in the [Province of Ontario or the State of New York] should Liquid Capital so determine to do so.

**19. GENERAL**

If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, executors and successors.

This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. No provision of this Agreement shall be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify this Agreement. In the event of a contradiction between the terms and conditions of this Agreement, and the terms and conditions of the security, the terms and conditions of this Agreement shall prevail.

**20. LEGAL ADVICE**

Each of the Borrowers and the Guarantors acknowledge they have reviewed this Agreement in its entirety with their legal counsel prior to executing same, and execute this Agreement with full capacity to do so, freely and voluntarily, with full knowledge and understanding of the contents and obligations contained herein and acknowledge Liquid Capital has advised them to seek legal advice before executing this Agreement.

**21. COUNTERPART**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument. This Agreement may be executed as an original hereof or by facsimile transmission, with an original to be exchanged between the parties hereto forthwith thereafter.

**22. SUCCESSORS AND ASSIGNS**


This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective permitted successors and assigns.

**23. ENTIRE AGREEMENT**


This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. No provision of this Agreement shall be deemed waived by any course of conduct unless such waiver is in writing and executed by all parties, specifically stating that it is intended to modify this Agreement. In the event of a contradiction between the terms and conditions of this Agreement and terms of any credit facility with the Borrowers, the terms hereof to the extent applicable, shall prevail.

IN WITNESS WHEREOF AND FOR VALUABLE CONSIDERATION, this Agreement has been executed, sealed and delivered by the parties hereto.

**1635536 ONTARIO INC.**

Per:   
Name: **DAVE Taylor**  
Title: **President**  
I have the authority to bind the corporation


**VERSITEC MARINE USA INC.**

Per:   
Name: **DAVE TAYLOR**  
Title: **President**  
I have the authority to bind the corporation

**VERSITEC MARINE HOLDING INC.**

Per: \_\_\_\_\_  
Name: **DAVE TAYLOR**  
Title: **President**  
I have the authority to bind the corporation

  
Witness

  
**DAVID TAYLOR**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**REUBEN BYRD**

**LIQUID CAPITAL EXCHANGE CORP.**

Per: \_\_\_\_\_  
Name:  
Title:  
I have the authority to bind the corporation

This is Exhibit " G" to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, consisting of a stylized, cursive 'J' followed by a horizontal line extending to the right.

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LAND  
REGISTRY  
OFFICE #59

64147-0114 (LT)

PREPARED FOR shalan01  
ON 2021/12/17 AT 13:38:10

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

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

PROPERTY REMARKS:

ESTATE/QUALIFIER:

FEE SIMPLE  
LT CONVERSION QUALIFIED

RECENTLY:

DIVISION FROM 64147-0095

PIN CREATION DATE:

2014/01/20

OWNERS' NAMES

TAYLOR, DAVID

CAPACITY SHARE

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

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

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

LAND  
REGISTRY  
OFFICE #59

64147-0114 (LT)

PREPARED FOR shalan01  
ON 2021/12/17 AT 13:38:10

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

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



This is Exhibit "H" to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, consisting of stylized initials and a long horizontal stroke extending to the right.

---

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

yyyy mm dd Page 1 of 3

**Properties**

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

**Chargor(s)**

The chargor(s) hereby charges the land to the chargee(s). The chargor(s) acknowledges the receipt of the charge and the standard charge terms, if any.

Name TAYLOR, DAVID  
 Address for Service 518 King St, Port Colborne, Ontario, L3K  
 4H6

I am at least 18 years of age.

I am not a spouse

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

**Chargee(s)**

Capacity

Share

Name LIQUID CAPITAL EXCHANGE CORP  
 Address for Service 5734 Yonge St, Suite 400, Toronto, Ontario, M2M 4E7

**Statements**

Schedule: See Schedules

**Provisions**

Principal \$300,000.00 Currency CDN  
 Calculation Period  
 Balance Due Date On Demand  
 Interest Rate As stated in mortgage  
 Payments  
 Interest Adjustment Date  
 Payment Date On Demand  
 First Payment Date  
 Last Payment Date  
 Standard Charge Terms 200033  
 Insurance Amount Full insurable value  
 Guarantor

**Signed By**

Matthew Ryan Dobbie 51 Wolseley Street acting for Signed 2019 05 03  
 Toronto  
 M5T 1A4 Chargor(s)

Tel 647-341-5249

Fax 647-341-9239

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

**Submitted By**

LAW OFFICE OF MATTHEW DOBBIE 51 Wolseley Street 2019 05 03  
 Toronto  
 M5T 1A4

Tel 647-341-5249

Fax 647-341-9239

**Fees/Taxes/Payment**

Statutory Registration Fee \$64.40  
 Total Paid \$64.40

## SCHEDULE TO CHARGE

1. The Chargor hereby charge the lands and premises described in this Charge (the “Property”) to the Chargee as collateral security for payment on demand of all present and future indebtedness and liabilities of the Chargor to the Chargee, whether direct or indirect, absolute or contingent, matured or not, including without limitation the following: (i) all present and future indebtedness and liabilities of the Chargor under any continuing guarantee and postponement of claim agreement given by them to the Chargee, or any renewal or replacement thereof; (ii) any forbearance agreement, or any renewal or replacement thereof, (iii) all present and future indebtedness and liabilities of the Chargor under any mortgage and security agreement, or any renewal or replacement thereof, and (iv) any other agreement under which the Chargor owes money to, or is indebted to the Chargee, or the Chargor has provided a guarantee for the debt or obligation of a third party (collectively the “Indebtedness”) together with interest and performance of each Chargor’s other obligations under this Charge.
2. This Charge shall be a general and continuing collateral security for payment of the Indebtedness and performance of each Chargor’s other obligations under this Charge notwithstanding any fluctuation or change in the amount, nature or form of the Indebtedness or in the documentation or security now or later held by the Chargee with respect to the Indebtedness, or in the names of the parties to any such documents or security, and notwithstanding the fact that there may be no Indebtedness outstanding at any particular time, and this Charge shall not be deemed to have been redeemed or become void or discharged as a result of any such event or circumstance.
3. This Charge is in addition to and not in substitution for any other security now or later held by the Chargee for all or any part of the Indebtedness. This Charge shall not create any merger or discharge any or all of the Indebtedness or any other debt owing to the Chargee or any other document or security now or later held by the Chargee. This Charge shall not affect any other security now or later held by the Chargee for the Indebtedness or the liability of any person or any of the Chargee’s remedies with respect to the Indebtedness. The taking of a judgment or judgments against either or both Chargor in respect of any of the agreements or obligations in this Charge or in respect of all or any part of the Indebtedness or otherwise shall not operate as a merger of any such agreements or obligations or of all or any part of the Indebtedness or of the security created by this Charge and shall not affect the security created by this Charge or the Chargee’s right to pursue any other remedies or to enforce either or both Chargor’s other obligations or the Chargee’s right to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon be computed at a maximum interest rate equal to the Interest Rate until such judgment is fully paid and satisfied.
4. Payments or other monies received by the Chargee may be applied by it on any part of the Indebtedness determined by it from time to time.
5. This Charge shall in no way prejudice or otherwise affect any right the Chargee may have independently of this Charge to recover all or any part of the Indebtedness from each Chargor and, if the Indebtedness exceeds the principal amount set out in this Charge, the Chargee may conclusively determine which part of the Indebtedness not exceeding such amount shall be secured by this Charge.
6. The obligation of each Chargor or any other person to pay the Indebtedness, and the Chargee’s rights or remedies hereunder or otherwise, shall not be affected by any increase, reduction, discontinuation or variation of either or both Chargor’s commercial arrangements, any extension of time or other indulgence, any taking or giving up of securities or abstaining from taking, perfecting or registering security, any acceptance of compositions or proposals, granting releases and discharges, or otherwise dealing with the Chargor or any other persons or securities as the Chargee may see fit. The Chargee may delay enforcing any of its rights

- 2 -

under this Charge or any other document relating to the Indebtedness without losing or impairing such rights, and may waive any breach of the Chargor' obligations under this Charge or any such document without affecting the Chargee's rights in respect of any other existing breach or any subsequent breach of the same or a different nature. No such waiver shall be effective unless made in writing and signed by an officer of the Chargee. The Chargee may release others from any liability to pay all or any part of the Indebtedness without releasing either or both Chargor. The Chargee may release its interest under this Charge in all or any part of the Property whether or not the Chargee receives any value and shall be accountable to the Chargor only for monies which the Chargee actually receives. If the Chargee releases its interest in part of the Property, the remainder of the Property shall continue to secure the Indebtedness in an amount not exceeding the principal amount set out in this Charge, and the Chargor' obligation under this Charge will continue unchanged. No sale or other dealing with all or any part of the Property and no amendment of this Charge or any other security or document relating to the Indebtedness shall in any way affect the obligation of each Chargor or any other person to pay the Indebtedness.

7. Wherever and to the extent that any provision of this schedule is inconsistent with the provisions of the standard charge terms incorporated in this Charge, or with the covenants deemed to be included in this Charge by the Land Registration Reform Act, (Ontario), the respective provision of this schedule shall prevail.
8. Any default by either or both Chargor or any other person under any document or security relating to the Indebtedness shall constitute a default under this Charge. Any default under this Charge shall constitute a default under any document or security relating to the Indebtedness.
9. On payment in full of the Indebtedness and all other amounts secured by this Charge and performance of all other obligations of the Chargor hereunder, and on payment of the Chargee's reasonable discharge fee, the Chargee shall execute and deliver to the Chargor a discharge of this Charge.
10. If the Chargor should sell, transfer or further encumber the Property, then at the option of the Chargee and notwithstanding anything to the contrary in this Charge or in any other documents relating to the Indebtedness, the full amount of the Indebtedness shall immediately become due and payable at the option of the Chargee.

**Land Registration Reform Act**  
**SET OF STANDARD CHARGE TERMS**  
 (Electronic Filing)

Filed by  
**Dye & Durham Co. Inc.**

**Filing Date: November 3, 2000**

**Filing number: 200033**

*The following Set of Standard Charge Terms shall be applicable to documents registered in electronic format under Part III of the Land Registration Reform Act, R.S.O. 1990, c. L.4 as amended (the "Land Registration Reform Act") and shall be deemed to be included in every electronically registered charge in which this Set of Standard Charge Terms is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act, except to the extent that the provisions of this Set of Standard Charge Terms are modified by additions, amendments or deletions in the schedule. Any charge in an electronic format of which this Set of Standard Charge Terms forms a part by reference to the above-noted filing number in such charge shall hereinafter be referred to as the "Charge".*

*Exclusion of Statutory Covenants*

1. The implied covenants deemed to be included in a charge under subsection 7(1) of the *Land Registration Reform Act* as amended or re-enacted are excluded from the Charge.

*Right to Charge the Land*

2. The Chargor now has good right, full power and lawful and absolute authority to charge the land and to give the Charge to the Chargee upon the covenants contained in the Charge.

*No Act to Encumber*

3. The Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the land, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the land registry office disclose.

*Good Title in Fee Simple*

4. The Chargor, at the time of the delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the land and the premises described in the Charge and in every part and parcel thereof without any manner of trusts, reservations, limitations, provisos, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

*Promise to Pay and Perform*

5. The Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in the Charge and shall pay as they fall due all taxes, rates, levies, charges, assessments, utility and heating charges, municipal, local, parliamentary and otherwise which now are or may hereafter be imposed, charged or levied upon the land and when required shall produce for the Chargee receipts evidencing payment of the same.

*Interest After Default*

6. In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgement, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within the interest calculation period provided in the Charge from the time of default a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the land.

*No Obligation to Advance*

7. Neither the preparation, execution or registration of the Charge shall bind the Chargee to advance the principal amount secured, nor shall the advance of a part of the principal amount secured bind the Chargee to advance any unadvanced portion thereof, but nevertheless the security in the land shall take effect forthwith upon delivery for registration of the Charge by the Chargor. The expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the principal amount not being advanced, the same to be charged hereby upon the land, and shall be, without demand therefor, payable forthwith with interest at the rate provided for in the Charge, and in default the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable.

*Costs Added to Principal*

8. The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges which shall from time to time fall due and be unpaid in respect of the land, and that such payments, together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in leasing or selling the land or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the land, which payments with interest at the rate provided for in the Charge shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable.

*Power of Sale*

9. The Chargee on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the land or sell the land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the *Mortgages Act*. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the land, if occupied, or by placing it on the land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in the county or district in which the land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability. Provided further, that in case default be made in the payment of the principal amount or interest or any part thereof and such default continues for two months after any payment of either falls due then the Chargee may exercise the foregoing powers of entering, leasing or selling or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such persons and in such manner and form and within such time as so required by law. It is hereby further agreed that the whole or any part or parts of the land may be sold by public auction or private contract, or partly

one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the land or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid same shall be paid as required by law. The Chargee may sell any of the land on such terms as to credit and otherwise as shall appear to him most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

*Quiet Possession*

10. Upon default in payment of principal and interest under the Charge or in performance of any of the terms or conditions hereof, the Chargee may enter into and take possession of the land hereby charged and where the Chargee so enters on and takes possession or enters on and takes possession of the land on default as described in paragraph 9 herein the Chargee shall enter into, have, hold, use, occupy, possess and enjoy the land without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever.

*Right to Distrain*

11. If the Chargor shall make default in payment of any part of the interest payable under the Charge at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expenses attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

*Further Assurances*

12. From and after default in the payment of the principal amount secured by the Charge or the interest thereon or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then and in every such case the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the land shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer, execute, deliver, authorize and register, or cause or procure to be made, done, suffered, executed, delivered, authorized and registered, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the land unto the Chargee as by the Chargee or his solicitor shall or may be lawfully and reasonably devised, advised or required.

*Acceleration of Principal and Interest*

13. In default of the payment of the interest secured by the Charge the principal amount secured by the Charge shall, at the option of the Chargee, immediately become payable, and upon default of payment of instalments of principal promptly as the same mature, the balance of the principal and interest secured by the Charge shall, at the option of the Chargee, immediately become due and payable. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

*Unapproved Sale*

14. If the Chargor sells, transfers, disposes of, leases or otherwise deals with the land, the principal amount secured by the Charge shall, at the option of the Chargee, immediately become due and payable.

*Partial Releases*

15. The Chargee may at his discretion at all times release any part or parts of the land or any other security or any surety for the money secured under the Charge either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the land or any person from the Charge or from any of the covenants contained in the Charge and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the land is or may hereafter be divided does and shall stand charged with the whole money secured under the Charge and no person shall have the right to require the mortgage monies to be apportioned.

*Obligation to Insure*

16. The Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings on the land to the amount of not less than their full insurable value on a replacement cost basis in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the land, and such insurance shall include not only insurance against loss or damage by fire but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies including "all risks" insurance. The covenant to insure shall also include where appropriate or if required by the Chargee, boiler, plate glass, rental and public liability insurance in amounts and on terms satisfactory to the Chargee. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least fifteen (15) days before the expiration thereof; otherwise the Chargee may provide therefor and charge the premium paid and interest thereon at the rate provided for in the Charge to the Chargor and the same shall be payable forthwith and shall also be a charge upon the land. It is further agreed that the Chargee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to be named by the Chargee and also of his own accord may effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be payable forthwith by the Chargor with interest at the rate provided for in the Charge and shall also be a charge upon the land. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

*Obligation to Repair*

17. The Chargor will keep the land and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent enter upon and inspect the land and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the land prior to all claims thereon subsequent to the Charge. If the Chargor shall neglect to keep the buildings, erections and improvements in good condition and repair, or commits or permits any act of waste on the land (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisos, agreements or conditions contained in the Charge or in any charge to which this Charge is subject, all monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest as in the case of payment

before maturity the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.

- Building Charge** 18. If any of the principal amount to be advanced under the Charge is to be used to finance an improvement on the land, the Chargor must so inform the Chargee in writing immediately and before any advances are made under the Charge. The Chargor must also provide the Chargee immediately with copies of all contracts and subcontracts relating to the improvement and any amendments to them. The Chargor agrees that any improvement shall be made only according to contracts, plans and specifications approved in writing by the Chargee. The Chargor shall complete all such improvements as quickly as possible and provide the Chargee with proof of payment of all contracts from time to time as the Chargee requires. The Chargee shall make advances (part payments of the principal amount) to the Chargor based on the progress of the improvement, until either completion and occupation or sale of the land. The Chargee shall determine whether or not any advances will be made and when they will be made. Whatever the purpose of the Charge may be, the Chargee may at its option hold back funds from advances until the Chargee is satisfied that the Chargor has complied with the holdback provisions of the *Construction Lien Act* as amended or re-enacted. The Chargor authorizes the Chargee to provide information about the Charge to any person claiming a construction lien on the land.
- Extensions not to Prejudice** 19. No extension of time given by the Chargee to the Chargor or anyone claiming under him, or any other dealing by the Chargee with the owner of the land or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge, and the Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to deliver for registration any such agreement in order to retain priority for the Charge so altered over any instrument delivered for registration subsequent to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor.
- No Merger of Covenants** 20. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and times provided for in the Charge; and further that any judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the judgment shall have been fully paid and satisfied.
- Change in Status** 21. Immediately after any change or happening affecting any of the following, namely: (a) the spousal status of the Chargor, (b) the qualification of the land as a family residence within the meaning of Part II of the *Family Law Act*, and (c) the legal title or beneficial ownership of the land, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the land and of any spouse who is not an owner but who has a right of possession in the land by virtue of Section 19 of the *Family Law Act*. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.
- Condominium Provisions** 22. If the Charge is of land within a condominium registered pursuant to the *Condominium Act* (the "Act") the following provisions shall apply. The Chargor will comply with the Act, and with the declaration, by-laws and rules of the condominium corporation (the "corporation") relating to the Chargor's unit (the "unit") and provide the Chargee with proof of compliance from time to time as the Chargee may request. The Chargor will pay the common expenses for the unit to the corporation on the due dates. If the Chargee decides to collect the Chargor's contribution towards the common expenses from the Chargor, the Chargor will pay the same to the Chargee upon being so notified. The Chargee is authorized to accept a statement which appears to be issued by the corporation as conclusive evidence for the purpose of establishing the amounts of the common expenses and the dates those amounts are due. The Chargor, upon notice from the Chargee, will forward to the Chargee any notices, assessments, by-laws, rules and financial statements of the corporation that the Chargor receives or is entitled to receive from the corporation. The Chargor will maintain all improvements made to the unit and repair them after damage. In addition to the insurance which the corporation must obtain, the Chargor shall insure the unit against destruction or damage by fire and other perils usually covered in fire insurance policies and against such other perils as the Chargee requires for its full replacement cost (the maximum amount for which it can be insured). The insurance company and the terms of the policy shall be reasonably satisfactory to the Chargee. This provision supersedes the provisions of paragraph 16 herein. The Chargor irrevocably authorizes the Chargee to exercise the Chargor's rights under the Act to vote, consent and dissent.
- Discharge** 23. The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge to deliver for registration a discharge or if so requested and if required by law to do so, an assignment of the Charge and all legal and other expenses for preparation, execution and registration, as applicable to such discharge or assignment shall be paid by the Chargor.
- Guarantee** 24. Each party named in the Charge as a Guarantor hereby agrees with the Chargee as follows:
- (a) In consideration of the Chargee advancing all or part of the Principal Amount to the Chargor, and in consideration of the sum of TWO DOLLARS (\$2.00) of lawful money of Canada now paid by the Chargee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Chargee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Chargor, and the Guarantor, for himself and his successors, covenants with the Chargee that, if the Chargor shall at any time make default in the due and punctual payment of any moneys payable hereunder, the Guarantor will pay all such moneys to the Chargee without any demand being required to be made.
  - (b) Although as between the Guarantor and the Chargor, the Guarantor is only surety for the payment by the Chargor of the moneys hereby guaranteed, as between the Guarantor and the Chargee, the Guarantor shall be considered as primarily liable therefor and it is hereby further expressly declared that no release or releases of any portion or portions of the land; no indulgence shown by the Chargee in respect of any default by the Chargor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Chargee to the Chargor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by the Chargor or any successor thereof; no variation in or departure from the provisions of the Charge; no release of the Chargor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said moneys are fully paid and satisfied.
  - (c) Any payment by the Guarantor of any moneys under this guarantee shall not in any event be taken to affect

the liability of the Chargor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Chargor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Guarantor; provided, nevertheless, that the Guarantor shall not be entitled in any event to rank for payment against the lands in competition with the Chargee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

- (d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as a Guarantor all such covenants, liabilities and obligations shall be joint and several.
- (e) The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the Guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

*Severability* **25.** It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then, such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

*Interpretation* **26.** In construing these covenants the words "Charge", "Chargee", "Chargor", "land" and "successor" shall have the meanings assigned to them in Section 1 of the *Land Registration Reform Act* and the words "Chargor" and "Chargee" and the personal pronouns "he" and "his" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. And that all rights, advantages, privileges, immunities, powers and things hereby secured to the Chargor or Chargors, Chargee or Chargees, shall be equally secured to and exercisable by his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be. The word "successor" shall also include successors and assigns of corporations including amalgamated and continuing corporations. And that all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor or Chargors, Chargee or Chargees, shall be equally binding upon his, her, their or its heirs, executors, administrators and assigns, or successors and assigns, as the case may be, and that all such covenants and liabilities and obligations shall be joint and several.

*Paragraph headings* **27.** The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

*Date of Charge* **28.** The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of delivery for registration of the Charge.

*Effect of Delivery of Charge* **29.** The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

DATED this                      day of                      ,                      (year)



This is Exhibit " 1 " to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, consisting of a stylized 'J' and 'B' followed by a horizontal line extending to the right.

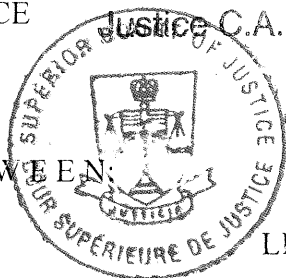
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Court File No.: CV-20-00637427-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE ) MONDAY, THE 9<sup>TH</sup>  
JUSTICE )  
Justice C.A. Gilmore ) DAY OF MARCH, 2020

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

**ORDER  
(Appointing Receiver)**

THIS MOTION made by the Applicant, Liquid Capital Exchange Corp. for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Morgan & Partners Inc. as receiver (in such capacities, the "Receiver") without security, over certain of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial (Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial shall hereinafter be referred

to as the "**Debtors**") acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jonathan Brindley sworn March 4, 2020 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and on reading the consent of Morgan & Partners Inc. to act as the Receiver,

### **SERVICE**

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

### **APPOINTMENT**

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Morgan & Partners Inc. is hereby appointed Receiver, without security, of:

- (a) all of the assets, undertakings and properties of Versitec Marine USA Inc.;  
and
- (b) the assets of 1635536 Ontario Inc. o/a Versitec Marine & Industrial set out at Schedule "A1" and "A2" hereto

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the 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 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 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 Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transaction not exceeding \$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 Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the 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 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 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

Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the 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 Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

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

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE 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 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 Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) exempt the 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 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 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 Receiver, and that the 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 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 Receiver, or as may be ordered by this Court.

### **RECEIVER TO HOLD FUNDS**

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

## **EMPLOYEES**

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

## **PIPEDA**

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

## **LIMITATION ON ENVIRONMENTAL LIABILITIES**

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or

relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

### **LIMITATION ON THE RECEIVER'S LIABILITY**

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

### **RECEIVER'S ACCOUNTS**

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

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

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

#### **FUNDING OF THE RECEIVERSHIP**

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

## **SERVICE AND NOTICE**

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

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the 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**

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

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

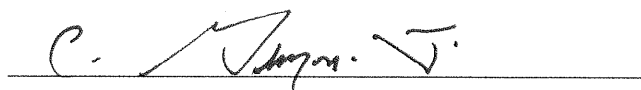
29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals,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

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

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

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

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



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

MAR 09 2020

PER / PAR: 

**SCHEDULE "A1"****ASSETS**

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

## SCHEDULE "A2"

All accounts receivable of 1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC. including, but not limited to, the following:

Versitec Canada  
AR Summary - Mar 4, 2020 In CDN \$  
AC# 4822

DebtorName	Balance	Current	1-30	31-60	61-90	91-Up
AAT SHIPINVEST AS	7,084.47	--	--	--	--	7,084.47
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219155	7/19/2019	8/22/2019	10044	7,084.47	7,084.47	230
ADMIRAL CORPORATION	14,965.12	--	--	--	--	14,965.12
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219124	6/21/2019	8/22/2019	10044	14,965.12	14,965.12	258
Avin International Ltd.	13,647.29	--	--	--	--	13,647.29
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219167	8/14/2019	9/13/2019	10048	13,647.29	13,647.29	204
Blue Line Ship Management SA	30,896.22	--	--	--	--	30,896.22
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219138	9/16/2019	9/27/2019	10051	13,053.44	13,053.44	171
219222	10/21/2019	11/8/2019	10053	8,732.86	8,732.86	136
219223	11/1/2019	11/8/2019	10053	9,109.92	9,109.92	125
Bundesbeschaffung GMBH	30,338.88	--	--	--	--	30,338.88
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219115	6/18/2019	6/28/2019	10040	30,338.88	30,338.88	261
Dalomar Shipping S.A.	13,295.90	--	--	--	--	13,295.90
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219094	6/4/2019	6/28/2019	10040	13,295.90	13,295.90	275
Eastern Mediterranean Maritime Ltd.	28,452.89	--	--	--	--	28,452.89
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219132	6/15/2019	9/13/2019	10048	7,558.07	7,558.07	264
219137	7/8/2019	9/13/2019	10048	9,264.23	9,264.23	241
219216	10/24/2019	11/8/2019	10053	11,630.59	11,630.59	133
FRI KARMSUND AS	13,898.32	--	--	--	--	13,898.32
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219101	6/10/2019	8/22/2019	10044	13,898.32	13,898.32	269
GREEN SHIPPING AS	5,439.40	--	--	--	--	5,439.40
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219126	6/25/2019	8/22/2019	10044	5,439.40	5,439.40	254
HIGLI AS	4,852.29	--	--	--	--	4,852.29
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219160	8/16/2019	9/13/2019	10048	4,852.29	4,852.29	202
Premuda S.p.a.	10,313.26	--	--	--	--	10,313.26
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219178	7/28/2019	8/28/2019	10045	10,313.26	10,313.26	221
Thenamari (Ship Management) Inc.	37,456.51	--	--	--	--	37,456.51
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219162	7/30/2019	8/28/2019	10045	10,811.62	10,811.62	219
219194	10/29/2019	11/8/2019	10053	8,146.66	8,146.66	128
219204	10/1/2019	11/8/2019	10053	11,113.34	11,113.34	156
219225	10/25/2019	11/8/2019	10053	7,384.89	7,384.89	132
Transmed Shipping Co. Ltd.	14,075.21	--	--	--	--	14,075.21
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219163	10/22/2019	11/8/2019	10053	14,075.21	14,075.21	135
UAB Promar	3,111.77	--	--	--	--	3,111.77
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219175	8/2/2019	8/28/2019	10045	3,111.77	3,111.77	216
WILSON SHIP MANAGEMENT AS	10,009.27	--	--	--	--	10,009.27
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219103	7/5/2019	8/22/2019	10044	10,009.27	10,009.27	244
Grand Total AR Ac 4822	237,836.80	0	0	0	0	237,836.80



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"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Morgan & Partners Inc., the receiver (the "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 Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the \_\_\_\_ day of \_\_\_\_\_, 2020.

MORGAN & PARTNERS INC., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per: \_\_\_\_\_  
Name:  
Title:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

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

Respondents

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

PROCEEDING COMMENCED AT  
TORONTO

**ORDER  
(Appointing Receiver)**

**TORKIN MANES LLP**  
Barristers & Solicitors  
151 Yonge Street, Suite 1500  
Toronto ON M5C 2W7

Stewart Thom (55695C)  
sthom@torkinmanes.com  
Tel: 416-777-5197  
Fax: 1-877-689-3872

Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-E 4C (May 1, 2016)

This is Exhibit " J " to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, appearing to be 'JB', with a long horizontal line extending to the right.

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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE	)	FRIDAY THE 12 <sup>TH</sup>
	)	
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.

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**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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Stewart Thom (55695C)  
sthom@torkinmanes.com  
Tel: 416-777-5197  
Fax: 1-877-689-3872

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

This is Exhibit " K" to the Affidavit of  
JONATHAN BRINDLEY  
sworn before me on January 18, 2022

A handwritten signature in black ink, appearing to be 'J. Brindley', written over a horizontal line.

---

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

---

**FOURTH REPORT OF BDO CANADA LIMITED,  
IN ITS CAPACITY AS SUBSTITUTE RECEIVER**

**(filed in connection with a motion returnable November 24, 2021)**

---

November 18, 2021

**LOOPSTRA NIXON LLP**  
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*Lawyers for the Court-appointed Substitute  
Receiver, BDO Canada Limited*

**TO: THE ATTACHED SERVICE LIST**

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(as at November 18, 2021)

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*Lawyers for 1635536 Ontario Inc.  
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Versitec Marine USA Inc.*

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- AND TO: KAPITUS**  
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- Attn: Jettie West**  
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- AND TO: CANADA REVENUE AGENCY**  
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*Original Court-Appointed Receiver*

**AND TO: LAISHLEY REED LLP**

Barristers & Solicitors  
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*Lawyers for Morgan & Partners Inc.,  
 Original Court-Appointed Receiver*

**AND TO: PROCIM GROUP**

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**Attn: Paulo Mattos**  
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**AND TO: LIQUID CAPITAL EXCHANGE CORP.**  
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Court File No. CV-20-00637427-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
[COMMERCIAL LIST]

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

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

Respondents

IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE  
*BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 c. B-3, AS AMENDED; AND  
SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c. C.43 AS AMENDED

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

NOVEMBER 18, 2021

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## 1.0 INTRODUCTION AND PURPOSE OF REPORT

### 1.1 Introduction

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

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

## 2.0 RECEIVER'S ACTIVITIES

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### 2.1 Introduction

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

### 2.2 Distribution to Canada Revenue Agency

- 2.2.1 As reported in the Third Report, Canada Revenue Agency ("CRA") had indicated to the Receiver that its claim for unremitted source deductions (the "CRA Deemed Trust Amount") was \$65,428.90. CRA issued an amended claim letter on July 22, 2021 to the Receiver wherein the CRA Deemed Trust Amount was revised to \$145,674.97 (the "Revised CRA Deemed Trust Amount"). The reason for the increase was that the 2019 and 2020 pre-receivership T4 assessments appear to not have been factored into the initial figure provided by CRA. The Receiver has reviewed CRA's calculation in detail and has found no reason to dispute the Revised CRA Deemed Trust Amount. In accordance with the June 22<sup>nd</sup> Order, the Receiver has paid the Revised CRA Deemed Trust Amount to CRA. A copy of the revised claim letter is attached hereto as Appendix "H".
- 2.2.2 CRA has also reassessed Versitec Canada's H.S.T. account and levied an assessment to reverse the input tax credits previously claimed in respect of the unpaid accounts payable as at March 9, 2020. The amount of this priority claim is \$18,559.80 (the "HST Claim"). This amount remains unpaid.
- 2.2.3 LCX has advised that it intends to request an order authorizing the Receiver to cause Versitec Canada to make an assignment in bankruptcy. LCX advised that the purpose of this relief is two-fold: (i) to reverse the statutory deemed trust for H.S.T. in the context of a significant shortfall on recoveries suffered by LCX; and, (ii) to allow the trustee to access the provisions of the BIA empowering it to review prior transactions.
- 2.2.4 In considering this request, the Receiver notes that:
- (a) Versitec Canada is insolvent and has failed to - and continues to fail to - meet its obligations as they come due;
  - (b) LCX would otherwise be entitled to make an application for a bankruptcy order;
  - (c) the Courts have held that using a bankruptcy to reverse the HST deemed trust is a valid basis for the same;
  - (d) Versitec Canada has no operations, employees, or assets; and
  - (e) a bankruptcy will not otherwise prejudice any other creditor of 234; and, moreover, a trustee in bankruptcy has certain investigatory powers that may be beneficial to all creditors.