

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicants

- and -

**SECURUS CAPITAL INC., SHAUN McERLEAN
and 2165520 ONTARIO INC.**

Respondent

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP OF
SECURUS CAPITAL INC., SHAUN MCERLEAN and 2165520 ONTARIO INC.**

**FIRST REPORT OF RECEIVER
Dated December 12, 2014**

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

**IN THE MATTER OF THE COURT-APPOINTED RECEIVERSHIP OF
SECURUS CAPITAL INC., SHAUN MCERLEAN and 216520 ONTARIO INC.**

**FIRST REPORT OF RECEIVER
Dated December 12, 2014**

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ONTARIO SECURITIES COMMISSION

Applicants

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Respondent

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SECURUS CAPITAL INC., SHAUN MCERLEAN and 2165520 ONTARIO INC.**

**FIRST REPORT OF RECEIVER
Dated December 12, 2014**

Introduction

1. On November 20, 2014, Deloitte Restructuring Inc. (“DRI” or the “Receiver”) was appointed as Receiver over certain assets and properties of Securus Capital Inc. and 2165520 Ontario Inc. (“216” and with “Securus”, collectively, “Securus” and/or the “Company”), specifically the property located at 17-27 Jacobs Terrace, Barrie, Ontario (the “Property”). The appointment was pursuant to the Order of Justice McEwen of the Superior Court of Justice (Commercial List) effective as of November 28, 2014 (the “Receivership Order”). A true copy of the Receivership Order is attached hereto as **Appendix “A”**. The Receivership Order included a provision that, subject to certain intervening events, it would not be effective until November 28, 2014.

PURPOSE OF THIS REPORT

2. The purpose of this First Report of the Receiver (the "First Report") is to seek an Order of the Court:
 - a) approving the Receiver's agreement to the terms of the refinancing proposal made by Mr. Gary Nicholls (the "Nicholls Refinancing Offer") subject to receipt of the additional financing proceeds of \$750,000 pursuant to the Nicholls Refinancing Offer (the "Financing Proceeds"),
 - b) discharging a Certificate of Direction issued by the Ontario Securities Commission (the "OSC") on August 25, 2010, a true copy of which is attached hereto as **Appendix "B"** (the "Certificate of Direction");
 - c) subject to the receipt of the Financing Proceeds, discharging the Receivership Order registered against the title to the Property;
 - d) directing the Receiver to pay the balance of the Financing Proceeds to the OSC after payment of the amounts to be approved in (f) below;
 - e) approving the Receiver's activities throughout the administration;
 - f) approving the Receiver's fees and disbursements for the period ending December 11, 2014 and the accrual for additional fees and costs of the Receiver to obtain Court approval and complete the receivership administration; and
 - g) subject to the Receiver filing a certificate (the "Receiver's Certificate") with this Court certifying that all matters relating to the Nicholls Refinancing Offer and any other receivership administration has been completed, discharging DRI as Receiver, as noted in the recommendations below.

TERMS OF REFERENCE

3. In preparing this report, The Receiver has relied upon information received by the OSC, its legal counsel, and Mr. Gary Nicholls, the principal of 2165520 Ontario Inc. The Receiver has not performed an audit or other verification of such information.
4. The Receiver has sought the advice of Gowlings, counsel for the OSC, for legal matters that have arisen in respect of the receivership. The Receiver understands that the fees and costs of Gowlings are being funded directly by the OSC.

ACTIVITIES OF THE RECEIVER

5. The Receiver arranged to have the Receivership Order registered on title to the Property.
6. On November 28, 2014, the Receiver attended at the Company's premises at 17-27 Jacobs Terrace, Barrie, Ontario to take possession and control of the Property.
7. The Receiver met with Mr. Gary Nicholls, the principal of 2165520 Ontario Inc. and current tenant and landlord, to serve the Receivership Order and discuss the terms of the Receiver's appointment. Mr. Nicholls toured the Property with the Receiver and informed the Receiver that there were currently seven related and unrelated tenants occupying the Property. The Receiver observed that there was significant motor vehicle inventory and automobile repair and restoration equipment on the Property.
8. Following its inspection of the Property and the three buildings situate thereon, the Receiver made the decision not to change the locks on the buildings and main gate of the Property for the reasons noted below.
9. Mr. Nicholls informed the Receiver of his security and maintenance activities over the property, and arranged for proof of insurance to be faxed to the Receiver. Mr. Nicholls further indicated that it was his intention continue operating his business on the property during the Receivership and committed himself to continuing his security and maintenance of the Property. The Receiver concluded that the additional costs of third party security to attend daily and permit

access to the Property on a daily basis were unwarranted.

10. Commencing on November 28, 2014, the Receiver:
 - a) obtained a listing of the current tenants and issued Notices of Attornment of Rents;
 - b) collected rents due on December 1, 2014;
 - c) met with four commercial realtors at the premises to tour the Property and obtained written marketing and listing proposals;
 - d) obtained a copy of the insurance policy and ensured that the Receiver was added as Additional Insured and Loss Payee to the policy regarding the Property only and not the contents or businesses owned by tenants and insured under the policy;
 - e) prepared an application to obtain liability coverage as there was no current liability coverage;
 - f) prepared the statutory notice of receivership required by the *Bankruptcy and Insolvency Act*;
 - g) contacted the City of Barrie, Ontario to obtain the accurate amount of municipal property taxes owing on the Property;
 - h) engaged in numerous communications with the OSC and Gowlings , the OSC's legal counsel, with respect to the status of the Receiver's administration; and
 - i) following negotiation of the Nicholls Refinancing Offer, prepared the Receiver's First Report to the Court.

LISTING PROPOSALS AND THE NICHOLLS REFINANCING OFFER

11. Pursuant to paragraph 3(k) of the Receivership Order, the Receiver was authorized to list the Property for sale. Accordingly, the Receiver met with four commercial realtors and obtained marketing and listing proposals from each.
12. The marketing and listing proposals received by DRI recommended listing prices for the Property ranging from \$1,100,000 to \$1,600,000. Before its appointment, the Receiver also obtained an informal valuation of the Property from a commercial realtor, which was within this range.
13. On December 5, 2014, as the Receiver was preparing to finalize an arrangement for a listing agreement with one of the realtors, it received a refinancing proposal from Mr. Nicholls' legal counsel. This proposal offered payment of \$750,000 (without requirement for Receiver or the OSC to settle the significant accrued municipal property taxes) in exchange for the discharge of the Certificate of Direction and the Receivership Order from title to the Property. After negotiation of the proposal, the Nicholls Refinancing Offer was submitted to the Receiver and included an additional, non-refundable, cost contribution of \$50,000 for costs associated with the court proceedings and the deferral of the marketing process.
14. The terms of the Nicholls Refinancing Offer included:
 - a) Payment of a nonrefundable cost contribution by wire transfer of \$50,000 to the Receiver by December 9, 2014 to cover costs associated with: extension of court proceedings after November 28, 2014 including payment of Receiver, legal, and other fees and costs as may be incurred;
 - b) Payment of \$750,000 by wire transfer to the Receiver's trust account by close of day on December 12, 2014 to be held in escrow until the Receiver: obtained an Order of the Ontario Superior Court [Commercial List]: approving the Nicholls Refinancing Offer; discharging the Receivership Order from title to the Property; and discharging the

Receiver subject to the completion of all Receivership activities (the “Approval Order”);
and

- c) The specific acknowledgement that neither the Receiver, nor the OSC, shall have any obligation to pay the property tax arrears, or any other charges, or potential charges, that may arise in respect of the Property.
15. The Receiver is of the view that the Nicholls Refinancing Offer is commercially reasonable and in the best interest of stakeholders given that the offer from the Purchaser is within the range of net estimated net realizable proceeds from the Property after taking into consideration additional protective disbursements, costs, maintenance, commissions, municipal property taxes, additional professional fees and costs, and market risks associated with a property with poor operating income and tenants engaged in the automotive restoration and repair business.

The Receiver has confirmed with the City of Barrie that the amount of \$164,997 is owing for current and overdue municipal property taxes, which the Receiver understands have not been paid for a number of years.

16. The OSC has informed the Receiver that it approves the Receiver entering into the Nicholls Refinancing Offer subject to approval of this Court and is prepared to discharge the Certificate of Direction from title to the Property.

RECEIVER'S FEES

17. The Receiver has maintained detailed records of its professional time and costs relating to the Receivership Order. The Receiver's fees and disbursements rendered for the period ending December 11, 2014 in respect of the receivership are particularized in the Affidavit of Paul Casey sworn on December 11, 2014 and the invoice is attached as an exhibit thereto. The total amount of the invoice for the receivership, including an accrual of time for the estimated fees and disbursements to be incurred for this application and discharge is \$70,709 inclusive of HST of \$8,135.
18. The Receiver seeks approval of its fees and disbursements (including the estimated fees and disbursements to be incurred for this application and discharge.

RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

19. Attached hereto and marked as Appendix "C" is the Receiver's Statement of Receipts and Disbursements for the period from November 28, 2014 to December 11, 2014, and includes expected future receipts and disbursements assuming that the Nicholls Financing Offer is completed. The estimated net receivership proceeds to be distributed to the OSC is \$732,000.
20. The Receiver proposes that it use the Receivership proceeds, including rents received pursuant to its attornment, the \$50,000 cost contribution from Nicholls, and the proceeds from the Nicholls Refinancing Offer to settle its receivership obligations and its professional fees and costs. Subject to the Court's approval, the Receiver will confirm discharge of a Certificate of Direction in favour of the OSC on the Property, discharge the Receivership Order from title to the Property, and distribute the net receivership proceeds to the OSC.

RECEIVER'S REQUEST TO THE COURT

21. The Receiver is seeking orders:
 - a) Approving the Receiver's acceptance of the Nicholls Refinancing Offer;
 - b) Approving the First Report to the Court of the Receiver dated December 12, 2014 and

the Receiver's activities as set out herein;


- c) Declaring that all steps taken by, and activities of, the Receiver, and all amounts distributed, or to be distributed, by the Receiver are approved and that Deloitte shall have no further liability in respect thereof, save for any gross negligence or wilful misconduct;
- d) Discharging the Receiver, subject to the Receiver completing its administration of the estate herein;
- e) Declaring that Deloitte is released and discharged from any and all liability that Deloitte now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Deloitte while acting in its capacity as Receiver, save and except any gross negligence or willful misconduct on the Receiver's part;
- f) Directing the payment by the Receiver of the net receivership proceeds following closing of the Nicholls Refinancing Offer to the OSC;
- g) Approving the discharge of the Receivership Order from title to the Property;
- h) Directing that the Certificate of Direction registered against title to the Property be discharged upon receipt by the OSC of the balance of the Financing Proceeds;
- i) Approving the Receiver's fees and disbursements to December 11, 2014 including the accrual of time to close the Nicholls Refinancing Offer transaction and complete its receivership administration;
- j) Approving the Receiver's Statements of Receipts and Disbursements for the period November 28, 2014 to December 11, 2014; and

- k) Discharging the Receiver upon the filing by the Receiver of a Certificate certifying that all of the above steps have been completed.

All of which is respectfully submitted.

Dated at Toronto, Ontario this 12th day of December, 2014.

DELOITTE RESTRUCTURING INC.
In its capacity as Court-Appointed Receiver of
Securus Capital Inc., Shaun McErlean and
2165520 Ontario Inc., and not in its personal capacity



Paul M. Casey, CPA, CA, CIRP
Senior Vice President

APPENDIX "A"



ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE ME.)
JUSTICE T. McEWAN)
)

THURSDAY, THE
20th DAY OF NOVEMBER, 2014

ONTARIO SECURITIES COMMISSION

Applicant

- and -

SECURUS CAPITAL INC., SHAUN McERLEAN
and 2165520 ONTARIO INC.

Respondent

RECEIVERSHIP ORDER

THIS APPLICATION made by the Ontario Securities Commission for an Order pursuant to section 129(1) of the *Securities Act*, R.S.O. 1990, c. S-5, as amended (the "Securities Act") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Deloitte Restructuring Inc. ("DRI") as receiver (in such capacity, the "Receiver") without security, of the real property municipally known as 17-27 Jacobs Terrace, Barrie, Ontario set out in the legal description attached at Schedule "B", hereto, (the "Property"), of Securus Capital ("Securus") Inc. and 2165520 Ontario Inc. (collectively 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 Matthew Britton sworn 10 May 2013 and the Exhibits thereto, the affidavit of Indi Dhillon sworn 31 August 2010 and the Exhibits thereto, the affidavit of Gary Nicholls and the Exhibits thereto, the reply affidavit of Matthew Britton sworn 7 July 2014, the affidavit of Matthew Britton sworn 18 November 2014 including the consent by the Debtors to the appointment of DRI as Receiver over the Property and on hearing the submissions of counsel for the Ontario Securities Commission, and reading the consent of the Debtors, no one appearing for Shaun McErlean (“McErlean”), although duly served as appears from the affidavit of service of Laura Taylor sworn 18 November 2014 and on reading the consent of DRI to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Return of Notice of Application and the Application Record is hereby abridged and validated so that this application is properly returnable today and further service is dispensed with .

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 129(1) of the *Securities Act*, and section 101 of the CJA, DRI is hereby appointed Receiver, without security, of the Property effective as at 12:01 a.m. on November 28, 2014 (the “Effective Date”). The Receiver shall be considered a “receiver” under s. 243(2) of the *Bankruptcy Insolvency Act*, RSO 1990, s. B-5, as amended (the “BIA”).

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 on the Effective Date 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 relating to the Property, including the powers to enter into any agreements, including real property leases, 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 relating to the Property;
- (d) to engage consultants, appraisers, agents, experts, auditors, realtors, environmental specialists, building inspectors, 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 in respect of the Property, including without limitation those conferred by this Order, and in this regard the Receiver is specifically authorized to retain counsel for the Applicant to advise and represent it save and except on matters upon which the Receiver in its judgment determines it requires independent legal advice, in which case the Receiver shall retain independent counsel;
- (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 relating to the Property;
- (f) to receive and collect all monies, including the attornment of rents, and accounts now owed or hereafter owing to the Debtors in respect of the Property, and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors, adopting or terminating leases affecting the Property;

- (g) to settle, extend, or compromise any indebtedness owing to the Debtors in respect of the Property;
- (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 undertake environmental or health and safety assessments of the Property;
- (j) 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 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;
- (k) 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; to sell, convey, transfer, lease, or assign the Property or any part or parts thereof out of the ordinary course of business with the approval of this Court, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, and section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply provided that the net proceedings of sale from the sale of the Property, or any part or parts thereof, after payment of any municipal taxes owing in respect of the Property, shall be applied on account of the liabilities of the Respondents, Shaun McErlean and Securus Capital Inc. under the Disgorgement Order, dated 24 October, 2012.

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

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the 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, current tenants of the Property 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, on the Effective Date, grant immediate and continued access to the Property to the Receiver, and shall deliver up the Property to the Receiver upon the Receiver's request.

5. THIS COURT ORDERS that all Persons shall, on the Effective Date, 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 which relate to the Property, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control relating to the Property, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof 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, on the Effective Date, 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 relating to the Property 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 relating to the Property.

7. THIS COURT ORDERS that the Land Registry Office for the appropriate Land Title Division is hereby directed to register a copy of this order on title to the Property.

NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall, as of the Effective Date, 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 Property or the interests of the Debtors in the Property shall, as of the Effective Date, 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 Property, or the Debtors' interests therein, 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 Property or the interests of the Debtors therein, the Receiver, are hereby stayed and suspended, as of the Effective Date, 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, or (iii) prevent the filing of any registration to preserve or perfect a security interest.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall, as of the Effective Date, 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

which relates specifically to the Property, 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 to, or with respect to the Property, including without limitation, all computer software, communication, and other data services, insurance, utility or other services provided to the Property are hereby restrained, as of the Effective Date, 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 in respect of the Property, and 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 Effective Date of this Order from any source whatsoever relating to the Property, including without limitation the sale of the Property, or any part, or parts thereof, 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 relating to the Property, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Account") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor and the Receiver shall not act as an employer with respect to any employees of the Debtors. 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, on or after the Effective Date, 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 the 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") the Property or any part, or parts thereof 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 in respect of the Property. 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 the Property or any parts thereof within the meaning of any Environmental Legislation, unless it is actually in possession of the Property or any parts thereof.

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 \$250,000 (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 "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

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

SERVICE AND NOTICE

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

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.

27. THIS COURT ORDERS that any and all current tenants of the Property and who are signatories of occupancy agreements with the Debtors (“Tenants”) shall, on the Effective Date, deliver to the Receiver copies of valid leases and shall pay all applicable occupancy charges owing to the Receiver.

28. THIS COURT ORDERS that in the event that a lease has been entered into subsequent to the registration of the Plaintiff’s Certificate of Direction registered on the Property on August 26, 2010, and the Receiver determines that it wishes to terminate any such lease and claim possession of the Property, such tenants shall be notified, in writing, by the Receiver to

vacate the Property within 30 (thirty) days of the date of such notice and shall be required to vacate the Property by such date, unless otherwise ordered by this Court.

GENERAL

29. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
30. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of either or both of the Debtors.
31. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory, or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, and regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
32. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, or regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
33. THIS COURT ORDERS that the Plaintiff shall have its costs of this application, up to and including entry and service of this Order, 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.
34. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party

likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



McE

IS TO CERTIFY THAT THIS DOCUMENT, EACH PAGE OF WHICH IS STAMPED WITH THE SEAL OF THE SUPERIOR COURT OF JUSTICE AT TORONTO, IS A TRUE COPY OF THE DOCUMENT FILED IN THIS OFFICE

LA PRÉSENT ATTEST QUE CE DOCUMENT, DONT CHACUNE DES PAGES EST REVÊTUE DU Sceau de la Cour Supérieure de Justice à Toronto, est une copie conforme du document conservé dans ce bureau

FILED AT TORONTO THIS 26th DAY OF Nov 20 14
À TORONTO LE 26 JOUR DE Nov 20 14

REGISTRAR

[Signature]
GREFFIER

ENTERED AT TORONTO
ON
LE

NOV 28 2014

MB

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc. ("DRI"), the receiver (the "Receiver") of the real property municipally known as 17-27 Jacobs Terrance, Barrie, Ontario (the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 20th day of November, 2014, but effective as at 12:01 a.m. on November 28, 2014 (the "Receivership Order") made in an action having Court file number 10-CL-8869 has received as such 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 Receivership Order.

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

3. Such principal sum with interest thereon is, by the terms of the Receivership Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Receivership 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 Lender without the prior written consent of the Lender

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Receivership 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 Receivership Order.

DATED the ____ day of _____, 20__.

Deloitte Restructuring Inc., solely in its capacity
as Receiver of the Property, and not in its
personal or corporate capacities

Per:

Name: Paul Casey, CA, CPA, CIRP
Title: Senior Vice-President

SCHEDULE "B"

LEGAL DESCRIPTION

PIN: 587550008

DESCRIPTION PT LT 5 S/S JACOBS TER, 6 S/S JACOBS TER PL, 30 ALLANDALE;
LT 7 S/S JACOBS TER, 8 S/S JACOBS TER, 9 S/S JACOBS TER PL 30
ALLANDALE; PT LT 10 S/S JACOBS TER, 11 S/S JACOBS TER PL
30 ALLANDALE AS IN RO488421 & RO416404; BARRIE;

Address 17-27 JACOBS TERRACE, BARRIE, ONTARIO, L4N 2N7

ONTARIO SECURITIES COMMISSION

v.

SECURUS CAPITAL INC. et al.

- Applicant-

- Respondent-

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

(PROCEEDING COMMENCED AT TORONTO)

RECEIVERSHIP ORDER

GOWLING LAFLUEUR HENDERSON LLP

Barristers & Solicitors
1 First Canadian Place
100 King Street West, Suite 1600
Toronto ON M5X 1G5

Alex MacFarlane/Malcolm Ruby
/C. Haddon Murray

LSUC No.: 28133Q/25970G/ 61640P

Tel: 416-369-4631/416-862-4314
/ 416-369-3604
Facsimile: 416-862-7661

Lawyers for the Applicant, The Ontario Securities Commission

APPENDIX "B"



Ontario
Securities
Commission

Commission des
valeurs mobilières
de l'Ontario

P.O. Box 55, 19th Floor
20 Queen Street West
Toronto ON M5H 3S8

CP 55, 19^e étage
20, rue queen:ouest
Toronto ON M5H 3S8

**IN THE MATTER OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

- and -

IN THE MATTER OF SECURUS CAPITAL INC.

**CERTIFICATE OF DIRECTION
(s. 126(1)(a) and 126(4))**

TO: The Land Registrar
Simcoe (No. 51) Land Titles Office
Barrie, Ontario

TAKE NOTICE that pursuant to paragraph 126(1)(a) of the *Securities Act*, R.S.O. 1990, c. S.5 (the "Act") you are directed to register this Certificate of Direction on title to the following lands:

PT LT 5 S/S JACOBS TER, 6 S/S JACOBS TER PL 30 ALLANDALE; LT 7 S/S JACOBS TER, 8 S/S JACOBS TER, 9 S/S JACOBS TER PL 30 ALLANDALE; PT LT 10 S/S JACOBS TER, 11 S/S JACOBS TER PL 30 ALLANDALE AS IN RO488421 & RO416404; BARRIE being all of PIN 58755-0008(LT)

AND FURTHER TAKE NOTICE that pursuant to s. 126(4) of the Act, this Certificate of Direction shall have the same effect as a certificate of pending litigation until the Ontario Securities Commission authorizes the removal of this Certificate of Direction from the title to the property or until the Ontario Superior Court orders otherwise.

DATED at Toronto, this 25th day of August, 2010.

Certified to be a true copy.

Dated at Toronto this 25th day
of August, 2010

Daisy G. Oramba
Secretary
Ontario Securities Commission.

APPENDIX "C"

**In the Matter of the Court-appointed Receivership of
certain property of Securus Capital Inc. and 2165520 Ontario Inc.**

**Statement of Receipts and Disbursements
For the Period November 28, 2014 to December 11, 2014 and subsequent**

| | |
|--|--------------------------|
| Receipts | |
| Rents | \$ 2,800 |
| Cost contribution from 2165520 Ontario Inc. | 50,000 |
| Total Receipts | <u>\$ 52,800</u> |
| Disbursements | |
| Filing fee - OSB | \$ 70 |
| Valuation of Property | 500 |
| Travel to Barrie | 221 |
| Photocopies | 15 |
| Bank Charges | 15 |
| HST on disbursements | 96 |
| Total disbursements | <u>917</u> |
| Total receipts over disbursements to December 11, 2014 | <u>\$ 51,883</u> |
| Anticipated receipts | |
| Proceeds from Nicholls Refinancing Offer | \$ 750,000 |
| Anticipated disbursements | |
| Receiver's fees | \$ (61,839) |
| HST on Receiver's fees and disbursements | \$ (8,039) |
| Estimated Net Receivership Proceeds for distribution to the OSC | <u><u>\$ 732,005</u></u> |