

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE JUSTICE) *Wednes* DAY THE *30th* DAY
CHARLES T. HACKLAND) OF NOVEMBER, 2016

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

and

DRYTECH INTERNATIONAL INC. and 6892639 CANADA INC.

Respondents

ORDER

THIS MOTION, made by Deloitte Restructuring Inc. (the "Receiver") in its capacity as the receiver of all of the assets, undertakings and properties of Drytech International Inc. ("Drytech") and 6892639 Canada Inc. (collectively the "Debtors"), for:

- (a) if necessary, an Order abridging the time for, and validating the method of, service of the Notice of Motion and directing that any further service of the Notice of Motion be dispensed with such that this motion is properly returnable on November 29, 2016;
- (b) an Order accepting and approving the Fourth Report of the Receiver to the Court dated November 22, 2016 (the "Fourth Report") and approving the activities of the Receiver described therein, but not the Receiver's fees;

- (c) a Declaration that Drytech is the rightful owner of the certain inventory, equipment and other property and an Order requiring Mr. Kevin Dooley to deliver to the Receiver any of the aforesaid inventory, equipment and other property in his possession, care or control as well as pay any storage or other costs related to his possession, care or control of the inventory, equipment and other property;
 - (d) an Order requiring Mr. Kevin Dooley to deliver to the Receiver a Vacuum Chamber in his possession, care or control;
 - (e) an Order removing and replacing sub-paragraph 3(k) of the Appointment Order of this Court dated April 11, 2016, which was removed and replaced by Order of this Court dated June 1, 2016;
 - (f) an Order approving the Receiver's Interim Statement of Receipts and Disbursements for the period from April 12, 2016 to November 17, 2016, but not the Receiver's fees; and
 - (g) an Order approving the proposed interim distribution of funds to secured creditors
- was heard this day at the Court House, 161 Elgin Street, Ottawa, Ontario.

ON READING the Notice of Motion, the Fourth Report, the Supplemental Report and on hearing the submissions of counsel for the Receiver and The Toronto-Dominion Bank, as well as the submissions of Kevin Dooley, in his capacity as a guarantor of the some of the financial obligations of the Debtors.

Service

1. **THIS COURT ORDERS AND DECLARES** that the time for and method of service of the Notice of Motion and the Receiver's Fourth Report is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

Acceptance and Approval of the Fourth Report

2. **THIS COURT ORDERS AND DECLARES** that the Fourth Report is hereby accepted and approved and the Receiver's activities as set out in the Fourth Report be and are hereby approved, but not the Receiver's fees.

Ownership of Inventory, Equipment and Other Property

3. **THIS COURT ORDERS AND DECLARES** that the Receiver is entitled to sell the inventory, equipment and other property listed in the attached Schedule "A" and that, upon the Receiver reporting to Court on the proposed distribution of the sale proceeds, any claim disputing the proposed distribution of the proceeds of sale may be the subject of a motion to this Court on notice.
4. **THIS COURT ORDERS** that Kevin Dooley deliver to the Receiver any of the inventory, equipment and other property listed in the attached Schedule "A" that is in his possession, care or control.
5. **THIS COURT ORDERS** that Kevin Dooley pay any storage or other costs related to his possession, care or control of any of the inventory, equipment and other property listed in the attached Schedule "A".
6. **THIS COURT ORDERS** that Kevin Dooley offer reasonable assistance to the Receiver in locating the Vacuum Chamber that was previously in his possession, care or control, including providing any information he has (i) regarding who had possession, care or control of the Vacuum Chamber after it left Kevin Dooley's possession, care or control; and (ii) about its current or last known whereabouts.

Amendment of the Appointment Order

7. **THIS COURT ORDERS** that sub-paragraph 3(k) of the Order of this Court in this Application dated April 11, 2016 appointing the Receiver, which sub-paragraph was removed and replaced by Order of this Court dated June 1, 2016, is removed and replaced with the following text:

(k) to sell, including, without limiting the foregoing, by means of listing the real property whose ownership is registered in the name of one or both of the Debtors with one or more real estate agents acceptable to the Receiver, to convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

1) without the approval of this Court in respect of any transaction not exceeding \$500,000, provided that the aggregate consideration for all such transactions does not exceed \$950,000; and

2) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

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

Receiver's Interim Statement of Receipts and Disbursements

8. **THIS COURT ORDERS AND DECLARES** that the Receiver's Interim Statement of Receipts and Disbursements for the period April 12, 2016 to November 17, 2016, which is attached to this Order as Schedule "B", is hereby approved, but not the Receiver's fees.

Receiver's Interim Distribution of Monies

9. **THIS COURT ORDERS AND DECLARES** that the Receiver distribute the following amounts from the sale of Drytech's assets to the following secured creditors:

(a) \$94,659.94 to National Leasing Group Inc.

(b) \$27,400.33 to Business Development Bank of Canada; and

(c) \$335,000 to The Toronto-Dominion Bank.

Aid and Recognition

10. **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.

Haellod J.

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ON/LE NOV 30 2016
DOCUMENT # <u>0411</u>
IN BOOK NO. 73-13
AU REGISTRE NO. 73-13

SCHEDULE "A"

- Ten Vaults of Equipment, each containing 30 Air Movers and 8 Dehumidifiers (in total, 300 Air Movers and 80 Dehumidifiers)
- One 45KVA Generator
- One 70KVA Generator
- One 125 KVA Generator
- Three 2000 CFM Desiccants
- Two 6000 CFM Desiccants
- Two 25 Ton AC Units
- One 16 foot Royal Crown Trailer with 14 Dehumidifiers and 50 Air Movers
- Two 5000 CFM Desiccants
- Miscellaneous Duct and Ancillary Supplies

SCHEDULE "B"

Receiver's Interim Statement of Receipts and Disbursements
for the period April 12, 2016 to November 17, 2016

In the Matter of the Receivership of Drytech International Inc. and 6892639 Canada Inc.
In the City of Ottawa, in the Province of Ontario
Receiver's Interim Statement of Receipts and Disbursements

As at November 17, 2016

Drytech International Inc. ("Drytech")

Receipts

Cash in bank (Bank of Montreal)	\$ 119,168.16
Proceeds from sale of CRDN Business and other assets	2,438,195.72
Collection of accounts receivable:	
Drytech (excluding CRDN Business)	408,045.74
CRDN Business (division of Drytech operated in receivership)	155,122.73
Insurance - refunds (not related to Property)	46,047.26
HST collected	198,498.22
Other	9,034.98
Total Receipts	\$ 3,374,112.81

Disbursements

Wages and benefits of temporary employees - post receivership	
Drytech (excluding CRDN Business)	\$ 111,963.23
CRDN Business	119,125.47
Other (vacation pay)	2,924.24
Source Deductions	
Drytech (excluding CRDN Business)	32,526.69
CRDN Business	20,109.41
WSIB	
Drytech (excluding CRDN Business)	3,263.63
CRDN Business	4,136.41
Insurance	
Drytech (excluding CRDN Business)	79,334.45
CRDN Business	3,607.54
Utilities	
Drytech	6,255.72
CRDN Business	3,205.66
Fuel	1,410.65
Rent for CRDN Business premises	15,748.09
Storage liens, ongoing charges at 3rd party warehouses and moving charges	80,861.52
Other supplies and services for CRDN Business	9,640.30
Lease payments for equipment/vehicles used by Receiver	9,194.93
Lease payments for equipment/vehicles for CRDN Business	6,393.14
CRDN Business franchise royalties on Receiver's sales	7,358.94
Newspaper ads	8,884.15
Operating, repairs and maintenance costs	35,875.54
Miscellaneous expenses	300.00
Asset Count - labour	4,831.19
IT Services	5,192.62
Appraisal fees	21,461.05
Changing locks	1,243.00
Security	980.00
HST exclusive of professional fees	21,859.07
Receiver's fees	666,109.88
HST on Receiver's fees	86,594.28
Legal fees	118,633.02
HST on Legal fees	15,402.37
Filing fees - Official Receiver	70.00
Bank Charges	44.75
HST remitted to Canada Revenue Agency	91,074.19
Total Disbursements	\$ 1,594,615.22

Net receipts over disbursements	\$ 1,779,497.59
Interim Distribution to Secured Creditors	571,019.96
Balance	\$ 1,208,477.63

THE TORONTO-DOMINION BANK

Applicant

and

DRYTECH INTERNATIONAL INC. et al.

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT
OTTAWA

ORDER

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