

## **APPENDIX “I”**

Court File No.: CV-16-11398-00CL

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

**IN THE MATTER OF Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c.C.43, as amended, and in the matter of Sections 243(1) and 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended**

**B E T W E E N:**

**THE TORONTO-DOMINION BANK**

Applicant

- and -

**1882540 ONTARIO INC.**

Respondent

**AFFIDAVIT OF DANIEL PRUPAS  
(Sworn May 17, 2016)**

I, **DANIEL PRUPAS**, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Manager of Commercial Loans with The Toronto-Dominion Bank (the "**Bank**") and, as such, I have knowledge of the matters to which I depose herein. Unless I indicate to the contrary, the facts herein are within my own personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I believe those facts to be true.
2. This affidavit is sworn in support of an application by the Bank for an order appointing Dodick Landau Inc. as the receiver, or alternatively the interim receiver (the "**Receiver**"),

of the property, assets and undertaking of 1882540 Ontario Inc. (the “**Borrower**”) pursuant to Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and Sections 243(1) or 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

### **The Borrower**

3. According to the records maintained by the Ontario Ministry of Government Services (the “**Ministry**”), the Borrower was amalgamated pursuant to the laws of the Province of Ontario as corporation number 1882540 on September 21, 2012. The registered head office of the Borrower is listed as 1444 Dupont Street, Unit 11, Toronto, Ontario, M6E 1C4. The Corporation Profile Report for the Borrower lists Cesario Ginjo, James F. McCann and Ilda Rites-Ginjo as its directors and Cesario Ginjo as the President of the Borrower. Attached as **Exhibit “A”** is a true copy of the Corporation Profile Report with respect to the Borrower.
4. The Borrower operates an online flower retail and delivery business at [www.whatabloom.com](http://www.whatabloom.com) (the “**Website**”) and from several retail locations. Although not a registered business name, the Borrower also operates under the name “What a Bloom”. According to the Website, the Borrower operates its head office from 65A Wingold Avenue, North York, Ontario, M6B 1P8 (the “**Head Office**”). Attached as **Exhibit “B”** is a true copy of the “Contact Us” and “About Us” pages from the Website.
5. According to the Website, the Borrower operates a production centre at 494 Gilbert Avenue, Toronto, Ontario (“**Production Centre**”) and the following retail operations:
  - (a) 343-3750-46 Avenue SE, Calgary AB;

- (b) 843 King Street West, Oshawa, ON; and
  - (c) 4487 Chemin de la Cote-des-Neiges, Montreal, QC (the “**Montreal Location**”)

(collectively, the “**Retail Locations**”).
- 6. It is the Bank’s understanding that each of the Head Office, the Production Centre and the Retail Locations (collectively, the “**Premises**”) are leased facilities.
- 7. The Bank believes that the Borrower and Mr. Ginjo also operate the same online and retail flower delivery business using other names including memorialflowers.ca, flowercrazy.com and flowerscanada.com. From a review of these websites, it is apparent that each of these websites are operated by Mr. Ginjo and that the retail locations of each are at the Borrower’s locations. Copies of the “About Us”, “Contact Us” and “Terms of Use” pages of each of the websites is attached as **Exhibit “C”**.
- 8. The Borrower also operates 1800flowers.ca from the Head Office. 1800flower.ca is related to the American publically-traded 1-800-flowers.com, Inc. (“**1-800-Flowers**”) which was founded by Jim McCann, who is a director of the Borrower. The Bank understands that 1-800-Flowers owns approximately 20% of the shares of the Borrower.
- 9. Pursuant to a credit agreement dated May 28, 2015 as amended by letter dated October 6, 2015 (collectively, the “**Credit Agreement**”), the Bank made available to the Borrower the following credit facilities:
  - (a) Uncommitted operating loan for the lesser of:
    - (i) CAD \$1,300,000 (to be reduced as outlined herein); and
    - (ii) the margin availability as set out in the Credit Agreement

(the “**Operating Loan**”);

- (b) Canadian Small Business Financing Loan (“**CSBFL**”) in the amount of CAD \$22,907 (“**CSBFL A**”);
  - (c) CSBFL in the amount of CAD \$141,446 (“**CSBFL B**”); and
  - (d) Business Visa Facility.
10. The Operating Loan, CSBFL A, CSBFL B and Business Visa Facility are collectively known as the “**Credit Facilities**”. As at May 16, 2016, the Borrower was indebted to the Bank under the Credit Facilities in the principal amount of \$1,497,849.64, together with interest thereon and all costs and fees, including legal fees and disbursements, incurred by the Bank to the date of payment. Attached as **Exhibit “D**” is a true copy of the Credit Agreement.

#### **Security Held by the Bank**

11. Pursuant to the Credit Agreement, as security for its obligations to the Bank, the Borrower granted security over all of its personal property to the Bank pursuant to, among other things, a General Security Agreement dated May 8, 2014 (the “**GSA**”). Attached as **Exhibit “E**” is a copy of the GSA.
12. The Borrower also granted a movable hypothec over 4525 Chemin de la Cote-Des-Neiges, Montreal, Quebec to the Bank dated May 28, 2014 in the principal amount of \$227,000 (the “**Hypothec**”). The Bank believes that the address on the Hypothec should have been that of the Montreal Location but was inadvertently noted incorrectly on the Hypothec. Attached as **Exhibit “F**” is a copy of the Hypothec.

13. It is a term of the GSA that the Bank may appoint a receiver upon default by the Borrower in any of its obligations to the Bank.
14. The Bank registered its security interest against the Borrower pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”) on July 18, 2014 against all classes of collateral, except “consumer goods”. Attached as **Exhibit “G”** is a copy of a certified PPSA Enquiry Response Certificate from the Ministry dated February 15, 2016 in respect of the Borrower.
15. There are two parties that have prior registrations under the PPSA against the Borrower. The first two registrations against the Borrower are in favour of Business Development Bank Canada (“**BDC**”) and were registered on October 16, 2007 over all categories of collateral except for “consumer goods”. Pursuant to the priorities and subordination agreement between the Borrower, BDC, and the Bank dated May 5, 2014 (the “**Priority Agreement**”), these registrations are subordinated to the Bank’s registration and financing change statements were properly registered reflecting this subordination. Attached as **Exhibit “H”** is a copy of the Priority Agreement.
16. The next five PPSA registrations against the Borrower were made in favour of Bank of Montreal (“**BMO**”) on July 22, 2008, April 7, 2011, November 24, 2011, February 28, 2012 and November 21, 2012 over all categories of collateral except for “consumer goods”. BMO, the Bank, the Borrower and the Guarantors (as defined below) entered into an assignment and assumption agreement dated July 18, 2014 (the “**Assignment**”). Pursuant to the Assignment, BMO assigned its right, title and interest in and to the CSBFLs and its accompanying security to the Bank. On July 18, 2014, financing change

statements were registered properly assigning these registrations to the Bank. Attached as **Exhibit "I"** is a copy of the Assignment.

17. The PPSA Enquiry Response Certificate in respect of the Borrower lists the following registrations which are subsequent in time to that of the Bank:
  - (a) Mercedes-Benz Financial Services Canada Corporation dated December 1, 2014 over "equipment", "other" and "motor vehicle" in respect of a 2015 Mercedes-Benz;
  - (b) Her Majesty in Right of Ontario Represented by the Minister of Finance in the amount of \$9,519 dated July 21, 2014 over all categories of collateral except for "consumer goods"; and
  - (c) Her Majesty the Queen in Right of Canada as Represented by the M.N.R. dated January 15, 2016 in the amount of \$1,854,222 over all categories of collateral except for "consumer goods" (the "**HST Registration**").
18. The Bank has also registered financing statements against the Borrower in the Provinces of Quebec, Alberta and British Columbia. Attached as **Exhibit "J", "K" and "L"** respectively are copies of the Registre des droits personnels et reels mobiliers, the Government of Alberta Personal Property Registry Search Results Report and the BC Online: PPRS Search Result evidencing the registrations.
19. The Bank became aware for the first time of the HST Registration on or about March 2, 2016 when I was advised of same by our legal counsel, Thornton Grout Finnigan LLP ("**TGF**"). The HST Registration states that interest is compounded daily from December 18, 2015 to the date of payment.

20. I was advised by Mr. Ginjo on March 2, 2016, that Canada Revenue Agency (“CRA”) conducted an audit and re-assessed the taxes owing by the Borrower pursuant to the *Excise Tax Act* (Canada) resulting in an increased obligation of \$1,854,222. I was further advised on April 6, 2016, by Mr. Sgro of VS LLP, the Borrower’s external accountant, that the re-assessment was as a result of the Borrower’s failure to pay HST in respect of certain sales but that the Borrower has taken the position that HST was not properly payable and is appealing the re-assessment. Despite repeated requests, the Borrower has failed to provide evidence of such appeal. Attached as **Exhibit “M”** is a copy of the emails between myself and Mr. Sgro.

#### **Guarantees**

21. 1632032 Ontario Ltd. (“**1632032**”) granted a guarantee to the Bank in respect of each of the CSBFLs (collectively, the “**1632032 Guarantees**”) which are supported by a general security agreement dated May 8, 2014 (the “**1632032 GSA**”). It is the Bank’s understanding that 1632032 owns certain of the real property from which the Borrower operates. Attached as **Exhibit “N”** are copies of the 1632032 Guarantees and the 1632032 GSA.
22. The Bank registered its security interest against 1632032 pursuant to the PPSA on July 18, 2014 against all classes of collateral, except “consumer goods”. BDC has a registration prior to the registration of the Bank over all categories of collateral except for “consumer goods”. As there is no subordination agreement between TD, BDC, and 1632032, this registration ranks in priority to the registration of the Bank. Attached as



**Exhibit “O”** is a copy of a certified PPSA Enquiry Response Certificate from the Ministry dated February 15, 2016 in respect of 1632032.

23. Each of Cesario Ginjo and Ilda Rites-Ginjo delivered unlimited guarantees of the indebtedness of the Borrower to the Bank in respect of the Operating Loan and limited guarantees of the indebtedness of the Borrower to the Bank in respect of each of the CSBFLs (collectively, the “**Personal Guarantees**”). 1632032, Cesario and Ilda are collectively referred to as the “**Guarantors**”. Attached as **Exhibit “P”** are copies of the Personal Guarantees.
24. Mr. Ginjo also delivered a postponement and assignment of creditor’s claim dated May 8, 2014 to the Bank (the “**Postponement**”) whereby Mr. Ginjo assigned and transferred to the Bank any indebtedness owing by the Borrower to Mr. Ginjo. A copy of the Postponement is attached as **Exhibit “Q”**.

#### **Issuance of Demand for Repayment**

25. In or around February, 2016, the Bank discovered irregular activity associated with the accounts of the Borrower and the Guarantors. The Borrower was advised of such activity at a meeting between the Bank and the Borrower on February 18, 2016.
26. At that meeting, the Bank (i) demanded payment from the Borrower of all amounts then outstanding under the Credit Facilities, specifically the sum of \$1,467,488.15, together with interest, fees and costs to the date of payment and, (ii) issued a Notice of Intention to Enforce Security (a “**BIA Notice**”) to the Borrower pursuant to Section 244 of the *Bankruptcy and Insolvency Act* (Canada). Attached as **Exhibit “R”** are copies of the demand letter and the BIA Notice.

27. On February 18, 2016, the Bank demanded payment from each of the Guarantors in respect of their respective indebtedness to the Bank and issued a BIA Notice to 1632032. Attached as **Exhibit "S"** are copies of the demand letter and the BIA Notice issued to the Guarantors.
28. The deadline for payment set out in the demand letters and the notice period of the BIA Notices has expired.

### **Forbearance Agreement**

29. At the request of the Borrower, the Bank agreed to enter into the forbearance agreement dated March 11, 2016 (the "**Forbearance Agreement**") to allow the Borrower time to refinance its indebtedness to the Bank. A copy of the Forbearance Agreement is attached as **Exhibit "T"**.
30. By letter dated March 30, 2016, the Bank advised the Borrower that it was in default of the terms of the Forbearance Agreement but agreed to accommodate the default on the condition that certain documents and information be provided to the Bank. Attached as **Exhibit "U"** is a copy of the letter dated March 30, 2016.
31. Pursuant to the terms of the Forbearance Agreement, the Borrower agreed to provide evidence of a letter of interest from an alternate lender by no later than 5:00 p.m. on April 4, 2016 in an amount sufficient to fully and permanently repay the indebtedness owing by the Borrower to the Bank. Such refinancing was to have been completed on or before May 4, 2016.

32. By letter dated April 5, 2016, the Bank, through its counsel, advised that a Forbearance Terminating Event (as defined in the Forbearance Agreement) had occurred as a result of the Company's failure to deliver a letter of interest by April 4, 2016 but that the Bank agreed to extend this deadline and the deadline for delivery of the previously required information and documentation until April 6, 2016. Attached as **Exhibit "V"** is a copy of the letter dated April 5, 2016.
33. The Borrower provided certain information to the Bank on April 6, 2016 which the Bank found to be unsatisfactory. Pursuant to the terms of the Forbearance Agreement, the Bank advised the Borrower that it was appointing a consultant (the "**Consultant**") to examine the books and records of the Borrower and monitor its affairs. As a term of the Forbearance Agreement, the Borrower agreed to provide the Consultant with full access to its books, records and premises for the purpose of carrying out its mandate.
34. By letter dated April 11, 2016, Dodick Landau Inc. was appointed as the Consultant (the "**Engagement Letter**") which was then delivered by the Bank to the Borrower for execution. Attached as **Exhibit "W"** is a copy of the Engagement Letter.
35. On April 14, 2016, I contacted the Borrower to advise that its accounts were experiencing frequent excesses for an explanation as to the large payments that were made from the Borrower's accounts to Mr. Ginjo. Mr. Ginjo advised that the payments were in respect of loans made by Mr. Ginjo to the Borrower. TGF contacted the Borrower's solicitors to advise of the activity and ensure that no further such payments from the Borrower's account to Mr. Ginjo would be made. Attached as **Exhibit "X"** is a copy of the email exchange between myself and Mr. Ginjo on April 14, 2016.

36. By letter dated April 26, 2016, the Bank's solicitors advised that if the Borrower failed to execute the Engagement Letter and fully cooperate with the Consultant, on or before April 28, 2016, the Bank would terminate the Operating Facility and apply all funds received as a permanent reduction of the obligations of the Borrower to the Bank. The Bank further advised that the maximum amount available to the Borrower under the Operating Facility would be reduced from \$1.3 million to \$1.2 million (the "**Reduced Limit**"), effective on May 4, 2016, in accordance with the terms of the Forbearance Agreement. Attached as **Exhibit "Y"** is a copy of the letter dated April 26, 2016.
37. By email received on April 28, 2016, the Borrower's solicitors delivered the executed Engagement Letter and requested that the Reduced Limit not be effective until May 13, 2016 as the Mother's Day period "is a big revenue time" for the Borrower. Attached as **Exhibit "Z"** is a copy of the email dated April 28, 2016.
38. On April 29, 2016, the Consultant contacted the Borrower's solicitor and requested that the Borrower provide access commencing on May 2, 2016. On April 30, 2016, counsel to the Borrower advised that, due to the fact that Mother's Day is one of the busiest weeks of the year, the Borrower would be unable to meet until the week of May 9, 2016. Attached as **Exhibit "AA"** is a copy of the email dated April 29, 2016.
39. On May 3, 2016, Mr. Ginjo attended at the Bank unannounced. During that meeting, Mr. Ginjo agreed to meet with the Consultant and his external accountant at the Head Office on May 11, 2016 and that the Borrower would immediately begin providing the information requested by the Consultant. During the meeting, I also raised with Mr. Ginjo the fact that he had been taking significant sums of money from the Borrower in

contravention of his postponement agreement with the Bank. Mr. Ginjo advised me that he had only taken approximately \$20,000 from the Borrower over the prior couple of weeks.

40. By email on May 4, 2016, the Consultant provided the Borrower with a list of information required by the Consultant which was to be provided by the Borrower immediately. By email on the same day, Mr. Ginjo advised that he would be meeting with his accountant on May 9, 2016 and would then begin compiling the information to be provided to the Consultant. Attached as **Exhibit "BB"** is a copy of the email chain between Mr. Ginjo and the Consultant dated May 4, 2016.
41. By letter dated May 4, 2016, the Bank's solicitors advised that the Borrower's actions were unacceptable. The letter also noted that Mr. Ginjo had actually paid himself, from the Borrower's account, \$35,000 by cheque as recently as May 2, 2016. This payment was in addition to the previous repayments which were raised by the Bank and contravene the Postponement. The Borrower was also put on notice that, commencing on May 5, 2016, the maximum amount available to the Company under the Operating Loan would be reduced from \$1.3 million to \$1.2 million. Attached as **Exhibit "CC"** is a copy of the letter dated May 4, 2016.
42. Also on May 4, 2016, Mr. Ginjo and I exchanged emails wherein he advised that he needed the full amount of the Operating Loan until May 10, 2016 when he expected "some large payments". Attached as **Exhibit "DD"** is a copy of the email chain between Mr. Ginjo and the Bank dated May 4, 2016.

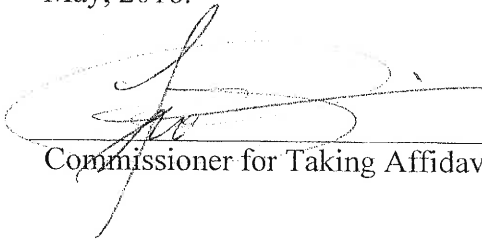
43. During the evening of May 4, 2016, the Bank was again internally alerted to inappropriate activity in the Borrower's accounts with the Bank.
44. In response to TGF's letter dated May 4, 2016, the Borrower's solicitor accused the Bank of inappropriately returning cheques presented for payment on the Borrower's accounts with the Bank and for failing to honour the verbal agreement between the Bank and the Borrower. By return email, TGF advised that cheques were returned as a result of the Operating Loan being in excess of the \$1.3 million limit and the reason for the Bank's refusal to extend further credit. Through its solicitor, the Borrower was also advised of the inappropriate activity flagged in its accounts with the Bank. Attached as **Exhibit "EE"** is a copy of the email chain dated May 6, 2016.
45. Notwithstanding the Borrower's numerous assertions that Mother's Day was one of the most lucrative times of the year for the Borrower and that large deposits were expected, the Borrower has failed to make a deposit into its accounts with the Bank since May 5, 2016. By email dated May 9, 2016, TGF asked for clarification of the lack of deposits but has had no response. Attached as **Exhibit "FF"** is a copy of the email dated May 9, 2016.
46. By email dated May 10, 2016, the Consultant attempted to confirm its appointment to attend at the Head Office on May 11, 2016 with the Borrower. In response, Mr. Ginjo indicated that the Borrower would not be ready for the Consultant and referred the Consultant to the Borrower's counsel. Since this time, TGF's attempts to reach the Borrower's counsel have gone unanswered. Attached as **Exhibit "GG"** is a copy of the email chain dated May 10, 2016.

### **Need for Receiver**

47. The Bank's immediate need for the appointment of a Receiver is apparent based on the current circumstances, including the following facts:
- (a) The Borrower has ceased cooperating with the Bank and the Consultant;
  - (b) The Borrower has failed to make a deposit to its accounts with the Bank since May 5, 2016, despite the Borrower's assurances that large deposits would be forthcoming; and
  - (c) The Borrower has refused to meet with the Consultant or provide access to the Premises or the Borrower's books and records pursuant to the terms of the Engagement Letter.
48. In addition to the foregoing, the Bank has flagged several instances of inappropriate account activity. The activity involves cheques issued on the Borrower's accounts with the Bank together with cheques issued on accounts at other financial institutions, including at BMO in the names of Mr. Ginjo, "Hofland", "Michael Adam Gourmet", "Bouquet Canada South" and wire transfers from 1665651 Ontario Ltd. The Bank believes that the Receiver is required in order to review these transactions to determine if further action is warranted.
49. I also believe that, without the appointment of the Receiver, the Bank's security position will continue to deteriorate.
50. The Bank requests that the Receiver be appointed, as it is just and convenient in the circumstances and is necessary to protect and ultimately realize on the Bank's collateral.

51. The proposed Order appointing the Receiver permits the Receiver to borrow funds from the Bank for the purpose of financing the receivership proceeding. If necessary, these borrowings will be secured by Receiver's certificates to be issued by the Receiver or by the security held by the Bank upon the Properties.
52. I swear this affidavit in support of an application by the Bank for the appointment of the Receiver and for no other or improper purpose.

SWORN before me at the City of Toronto,  
in the Province of Ontario, this 17<sup>th</sup> day of  
May, 2016.



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Commissioner for Taking Affidavits

**Francis Michael DININO,**  
a Commissioner, etc.,  
Province of Ontario,  
for the Toronto-Dominion Bank.  
Expires May 13, 2017.



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**DANIEL PRUPAS**



## **APPENDIX “J”**

Request ID: 018632683  
Transaction ID: 60267669  
Category ID: (C)CC/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2016/02/16  
Time Report Produced: 14:40:48  
Page: 1

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director  
Ministry of Government Services  
Toronto, Ontario

**APPENDIX** "J"

## CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1632032	1632032 ONTARIO LTD.	2004/09/14
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
1444 DUPONT AVE W	NOT APPLICABLE	NOT APPLICABLE
Suite # 11 TORONTO ONTARIO CANADA M6E 1C4	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address	Letter Date	
1444 DUPONT AVE W	NOT APPLICABLE	
Suite # 11 TORONTO ONTARIO CANADA M6E 1C4	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
	Date Commenced in Ontario	Date Ceased in Ontario
	00001 00002	NOT APPLICABLE
Activity Classification		NOT APPLICABLE
NOT AVAILABLE		

Request ID: 018632683  
Transaction ID: 60267669  
Category ID: (C)CC/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2016/02/16  
Time Report Produced: 14:40:48  
Page: 2

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director  
Ministry of Government Services  
Toronto, Ontario

## CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1632032	1632032 ONTARIO LTD.

Corporate Name History	Effective Date
1632032 ONTARIO LTD.	2004/09/14

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
ILDA RITES GINJO	1444 DUPONT STREET  Suite # 11 TORONTO ONTARIO CANADA M6P 4H3

Date Began	First Director	
2004/09/14	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 018632683  
Transaction ID: 60267669  
Category ID: (C)CC/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2016/02/16  
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Page: 3

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Director  
Ministry of Government Services  
Toronto, Ontario

## CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1632032	1632032 ONTARIO LTD.

Administrator: Name (Individual / Corporation)	Address
ILDA RITES GINJO	1444 DUPONT STREET  Suite # 11 TORONTO ONTARIO CANADA M6P 4H3

Date Began	First Director	Resident Canadian
2004/09/14	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

Administrator: Name (Individual / Corporation)	Address
ILDA RITES GINJO	1444 DUPONT STREET  Suite # 11 TORONTO ONTARIO CANADA M6P 4H3

Date Began	First Director	Resident Canadian
2004/09/14	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	TREASURER	Y

Request ID: 018632683  
Transaction ID: 60267669  
Category ID: (C)CC/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2016/02/16  
Time Report Produced: 14:40:48  
Page: 4

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Director  
Ministry of Government Services  
Toronto, Ontario

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1632032

1632032 ONTARIO LTD.

Administrator:  
Name (Individual / Corporation)

Address

ILDA  
RITES  
GINJO

1444 DUPONT STREET

Suite # 11  
TORONTO  
ONTARIO  
CANADA M6P 4H3

Date Began

First Director

2014/01/30

NOT APPLICABLE

Designation

Officer Type

Resident Canadian

OFFICER

PRESIDENT

Request ID: 018632683  
Transaction ID: 60267669  
Category ID: (C)CC/E

Province of Ontario  
Ministry of Government Services

Date Report Produced: 2016/02/16  
Time Report Produced: 14:40:48  
Page: 5

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director  
Ministry of Government Services  
Toronto, Ontario

## CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1632032

1632032 ONTARIO LTD.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2014/04/29 (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 certified report in electronic form is authorized by the Ministry of Government Services.

## **APPENDIX “K”**

## MASTER RELATIONSHIP AGREEMENT

This Master Relationship Agreement by and between Service Corporation International (Canada) ULC ("SCI Canada" and together with its subsidiaries and affiliates, "SCI"), a Delaware corporation, and 1882540 Ontario INC operating as What a Bloom Canada ("Provider"), is effective as of July 1, 2015 ("Effective Date"). SCI Canada and Provider are the "Parties" to this agreement.

### 1.0 Agreement.

1.1 This Master Relationship Agreement ("MRA"), together with all schedules ("Schedules"), exhibits, and addenda shall be collectively referred to as the "Agreement."

1.2 The Agreement constitutes the only terms and conditions under which SCI Canada will purchase from Provider (i) sympathy floral and gift products and services as part of the Friends & Family Program (the "Products"), and/or (ii) professional services including, but not limited to, initiating and maintaining a floral based ecommerce program for SCI's Canadian locations and the provision of documentation or other deliverables provided to SCI during the course of providing such services (collectively, "Services"). Such Products and Services shall be collectively referred to as "Deliverables."

1.3 The terms and conditions of the Agreement apply to all Schedules issued by SCI Canada for the purchase of Deliverables.

1.4 All purchases will be governed by the terms and conditions of the Agreement including the Schedule attached hereto as **Exhibit A – Services Schedule**.

1.5 As used herein, "Customers" means customers who place an order with a Designated Telephone Number (defined below) referencing the F&F Code (defined below) or the Employee Code (defined below), website customers who place an order upon referral via a link to a Provider website from any SCI website, or any users of a F&F Co-Branded Site (defined below) or the Employee Co-Branded Site (defined below).

1.6 Provider shall provide a written weekly report to SCI Canada detailing the following information with respect to each order by Customers: (i) the date of the order, (ii) the name of the SCI location and/or referring website, (iii) the number of the location related to such order, if applicable, (iv) the product number, (v) the product name, (vi) order quantity, (vii) the unit price, (viii) the extended sales price, and (ix) the method of shipment. In addition, Provider agrees to provide other or modified sales and fulfillment reports as reasonably requested by SCI, in order to customize reporting to fit SCI's needs.

### 2.0 Term and Termination.

2.1 Subject to the termination provisions in this MRA, the term of this Agreement is for a two year duration beginning on the Effective Date.

2.2 SCI Canada may terminate this MRA in whole or in part including, but not limited to, any Schedule, at any time without cause for its convenience upon sixty (60) days written notice to Provider.

### 3.0 Price and Payment.

3.1 Unless otherwise provided in an applicable Schedule, SCI Canada will pay the undisputed portion of invoices received net forty five (45) days from the date of receipt of invoice by SCI Canada. No invoice can be dated prior to the date Deliverables are accepted by SCI Canada. Provider agrees to use diligent efforts to invoice SCI Canada any amount within thirty (30) days after Provider delivers the product or provides the service pursuant to the terms of the applicable Schedule. If Provider fails to invoice SCI Canada any amount within sixty (60) days after the earlier of the date on which Provider delivers Product or the date on which Provider provides the Services, Provider shall be deemed to have waived any right it may otherwise have to invoice for and collect any amount related to such Product and/or Service and any invoice received by SCI Canada related to such Products or Services after such sixty (60) day period shall be null and void.

3.2 Notwithstanding any other provision of this Agreement, the prices for each item provided by Provider under this Agreement and the terms and conditions of this Agreement are hereby warranted by Provider to be more favorable to SCI Canada than the comparable prices, terms, and conditions that have been offered by Provider to any of its other customers. If at any time Provider shall contract, or have contracted, with any other customer for the sale or other disposition by



Provider of any Deliverable including but not limited to a product or service substantially similar to such Deliverables at a price or prices less than the comparable price or prices specified herein or on terms or conditions more favorable than the terms or conditions contained herein, then (i) Provider shall, within thirty (30) calendar days after the effective date of such other contract(s), notify SCI Canada in writing of such fact, specifying the more favorable price, term, or condition; and (ii) unless a provision is declined by SCI Canada by written notice, this Agreement shall be deemed to be automatically amended, effective retroactively to the effective date hereof, to provide the more favorable price, term, or condition to SCI Canada; and Provider shall promptly rebate and pay to SCI Canada any excess amount (including any taxes thereon) previously paid by SCI Canada to Provider for the Deliverable for which the price has been reduced pursuant to such amendment, plus interest on such amount from the effective date hereof to the date of payment to SCI Canada at the rate of eighteen percent (18%) per annum, or the maximum legal rate, whichever is lower. Without limiting the foregoing, in the event that any Products or Services are provided to SCI-owned floral shops, Provider shall waive all setup and membership fees for SCI-owned floral shops (although SCI-owned floral shops would nonetheless be subject to all other standard fees and charges, including shipping and service fees).

3.3 Provider shall submit all invoices as directed by SCI Canada in writing. Furthermore, if requested by SCI Canada, Provider shall enroll in SCI's SpendSmart program, which is utilized by SCI to facilitate ordering and invoicing by SCI's suppliers.

#### 4.0 Warranty.

Provider represents and warrants that, as of all pertinent times:

- (a) All Deliverables will conform to Provider's published specifications and documentation as well as to any specifications and descriptions set forth in the applicable Schedule and will be free from defects in design, materials and workmanship including, but not limited to, cosmetic defects, for a period of three (3) years from the date of delivery to SCI.
- (b) All Products and Services will be performed in good and workmanlike manner by a skilled and qualified staff in accordance with highest industry standards and shall conform to all specifications and descriptions set forth in the applicable Schedule.
- (c) It shall timely perform the Products Services and deliver the Products to SCI and/or to Customers, as applicable.
- (d) It has all the rights and licenses in the Deliverables necessary to allow SCI to use such Deliverables as intended without restriction or additional charge.
- (e) The Deliverables shall not infringe or misappropriate any copyright, patent, trade secret, trademark or other intellectual property right of any third party.
- (f) This MRA (including without limitation the Provider's delivery of the Deliverables and performance of the Products and Services) does not violate any applicable laws or breach any other agreement to which Provider is bound.
- (g) It is in compliance with all applicable laws and regulations and has obtained any applicable permits and licenses required of Provider in connection with its obligations under this Agreement.
- (h) It has all requisite corporate power and authority to execute, deliver, and perform its obligations under this Agreement.

#### 5.0 Indemnification.

5.1 Provider will defend, indemnify, and hold harmless SCI and the respective directors, officers, employees, representatives, and agents of SCI from and against any and all claims, actions, demands, and legal proceedings (collectively "Claims") and all liabilities, damages, losses, judgments, authorized settlements, costs and expenses including, without limitation, reasonable attorneys' fees and expenses of litigation, arising out of, related to, or in any way connected with: (a) any alleged or actual acts or omissions of Provider or failure to perform or comply with the terms and conditions of the Agreement; (b) any alleged or actual infringement and/or misappropriation by Provider and/or the Deliverables of any copyright, patent, trademark, trade secret or other proprietary or intellectual property right of any third party; (c) any Claim that Provider and/or the Deliverables provided under the Agreement and/or the delivery of floral or other products to or for Customers has caused or resulted in bodily injury including, without limitation, death or has damaged real or tangible

personal property; (d) any violation by Provider and/or the Deliverables of any governmental laws, rules, ordinances, or regulations; (e) any Claim by or on behalf of Provider's subcontractors, suppliers, or employees for salary, wages, benefits or other compensation; and/or (f) any inaccuracy or breach of any representation or warranty set forth in the Agreement.

5.2 In addition to Provider's obligations and liabilities above, if an infringement claim is made or appears likely to be made related to the Deliverables, Provider shall, at SCI's option and at Provider's expense, either: procure for SCI the right to continue to use the applicable Deliverables; modify the Deliverables so that they are no longer infringing; or replace them with non-infringing Deliverables. If none of these alternatives is commercially reasonable and SCI will not incur a negative, material impact to its business operations, SCI shall cease its use of any affected Deliverables or return, redact or destroy any affected Deliverables, for a full refund of the purchase price.

#### 6.0 Limitation of Liability.

EXCEPT FOR PROVIDER'S OBLIGATIONS AND LIABILITIES UNDER SECTION 5.0 ("INDEMNIFICATION"), SECTION 7.3 ("CONFIDENTIALITY") AND SECTION 10.0 ("PRIVACY"), NEITHER PARTY WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF ANY TYPE INCLUDING, WITHOUT LIMITATION, LOST PROFITS AND LOST SALES, ARISING OUT OF OR IN CONNECTION WITH THE AGREEMENT EVEN IF ADVISED OR AWARE OF THE POSSIBILITY OF SUCH DAMAGES AND EVEN IF A PARTY ASSERTS OR ESTABLISHES A FAILURE OF THE ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED IN THIS AGREEMENT.

#### 7.0 General.

7.1 EACH PARTY IRREVOCABLY SUBMITS AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS AND THE TEXAS STATE DISTRICT COURT IN HARRIS COUNTY, TEXAS, AND HEREBY AGREES THAT SUCH COURTS SHALL BE THE EXCLUSIVE PROPER FORUM FOR THE DETERMINATION OF ANY DISPUTE ARISING HEREUNDER. THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

7.2 Regardless of the circumstances of termination or expiration of the Agreement, or portion thereof, the provisions of Sections 4 ("Warranty"), 5 ("Indemnification"), 6 ("Limitation of Liability"), 7 ("General"), 8 ("Intellectual Property Rights"), 9 ("Right to Audit"), and 10 ("Privacy") will survive the termination or expiration and continue according to their terms.

7.3 Provider recognizes that SCI may have disclosed or may disclose confidential information to Provider. Any confidential information disclosed by either Party related to this Agreement is governed by the terms and conditions of the Mutual NDA (defined below) between SCI Canada and the Provider; provided, however, that in the event of any discrepancy between the Mutual NDA and this Agreement, this Agreement will govern.

7.4 Provider will obtain and at all times during the term of the Agreement maintain at its own expense, with insurance companies acceptable to SCI Canada, the minimum insurance coverage stated in Exhibit B to this Agreement. Furthermore, Provider will, within ten days of the Effective Date of this Agreement, provide SCI Canada with Certificates of Insurance evidencing compliance with this paragraph. All certificates of insurance shall be endorsed to provide that coverages afforded under the policies required shall provide that there shall be no material change in, or cancellation of, the policy or policies evidenced except upon 30 days prior written notice via certified mail to SCI Canada and no later than 30 days prior to any renewal date, the Provider shall furnish SCI Canada with updated or replacement certificates of insurance that clearly evidence continuation of all coverage in the same manner, limits and protection, as required by this Agreement.

7.5 The Parties are independent contractors and neither Party is an employee, agent, servant, representative, partner, or joint venture of the other or has any authority to assume or create any obligation or liability of any kind on behalf of the other.

7.6 No waiver of any term or condition is valid unless in writing and signed by authorized representatives of both Parties, and will be limited to the specific situation for which it is given. Use of pre-printed forms, including, but not limited to email, purchase orders, shrink-wrap or click-wrap agreements, acknowledgements or invoices, is for convenience only and all pre-printed terms and conditions stated thereon, except as specifically set forth in the Agreement, are void and of no effect. No amendment or modification to the Agreement will be valid unless set forth in writing and signed by authorized

representatives of both Parties. The Agreement may not be assigned by Provider in whole or in part, even by operation of law, in a merger or stock or asset sale, without the express written permission of SCI Canada and any attempt to do so will be null and void.

7.7 Any notice required or permitted by the Agreement must be in writing and delivered by certified or registered mail, return receipt requested, postage prepaid and addressed as follows or to such other addresses as may be designated by notice from one Party to the other, all such notices being effective on the date received: If to SCI Canada: c/o SCI Funeral & Cemetery Purchasing Cooperative, Inc., 1929 Allen Parkway, Houston, TX 77019, Attn: Rone Luczynski; and, if to Provider: 1882540 Ontario INC , 1444 Dupont St. Unit 11, Toronto, Ontario M6P 4H3, Attn: Cesario Ginjo.

7.8 Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is found to violate a law, it will be severed from the rest of the Agreement and ignored and a new provision deemed added to the Agreement to accomplish, to the extent possible, the intent of the Parties as evidenced by the provision so severed. The headings used in the Agreement have no legal effect.

7.9 Except as may be otherwise provided in the Agreement, the rights or remedies of the Parties hereunder are not exclusive, and either Party is entitled alternatively or cumulatively, subject to the other provisions of the Agreement, to damages for breach, to an order requiring specific performance, or to any other remedy available at law or in equity.

7.10 This Agreement may be signed in one or more counterparts, each of which will be deemed to be an original and all of which when taken together will constitute the same agreement. Both Parties agree that the receipt of a facsimile signature in the space provided below will represent final execution and acceptance of the terms and conditions contained in the Agreement. Any copy of this Agreement made by reliable means (e.g. photocopy or facsimile) shall be considered an original.

7.11 This Agreement, in addition to the Mutual NDA, constitutes the entire agreement between the Parties and supersedes all prior discussions, both oral and written, between the Parties related to the subject matter of the Agreement.

## 8.0 Intellectual Property Rights.

8.1 Except for any intellectual property (i) owned by Provider prior to entering into this MRA, or (ii) developed or acquired by Provider other than in the course of performing Services or creating Deliverables under this MRA (collectively, "Pre-existing Provider IP"), Provider agrees that the Deliverables and any intellectual property conceived or reduced to practice during the creation of Deliverables or performance of the Services constitute the work product of SCI (the "SCI Work Product"). Additionally, other than Pre-existing Provider IP, SCI Work Product shall further include, without limitation: all tools, data (including, without limitation, specifications) and/or methods used to design, create, generate or otherwise develop the deliverables and/or perform the Services; and all patent, copyright, trade secret or other proprietary or intellectual property rights developed with respect to the creation of Deliverables or performance of the Services.

8.2 All SCI Work Product is solely and exclusively the property of SCI. To the extent any SCI Work Product qualifies as a "work made for hire" under applicable copyright law, it will be considered a work made for hire and the copyright will be owned solely and exclusively by SCI. To the extent any SCI Work Product is not considered a "work made for hire" under applicable copyright law, Provider hereby assigns and transfers all of its right, title and interest in and to the SCI Work Product to SCI Canada.

## 9.0 Right To Audit.

9.1 Provider shall maintain complete, accurate, and legible books, records and accounts to support and document costs, fees, and expenses charged or chargeable to SCI Canada under this Agreement for a period of four (4) years following the calendar year in which the costs, fees, or expenses were charged. Upon termination of this Agreement, Provider shall transfer these documents to SCI Canada.

9.2 SCI Canada or its designee shall be entitled, following reasonable notice to Provider, to audit Provider's books and records related to costs, fees, and expenses charged or chargeable to SCI Canada under this Agreement. Any such audit shall be conducted during regular business hours at Provider's offices. SCI Canada shall be responsible of its own costs incurred in conducting the audit unless such audit results document that Provider was engaged in fraudulent or negligent practices. Provider is responsible for its own cost in complying with the audit.

9.3 Provider shall allow SCI Canada (including its internal auditors) and its external auditors access to Provider's facility (the "Facility") annually, on at least ten (10) days written notice to conduct examinations regarding SCI's use of the services and products provided under the Agreement. In the course of such examination, Provider will, at no additional charge to SCI Canada, respond to the reasonable requests of SCI Canada and its external auditors regarding such products and services, examinations of Provider's controls and security made by Provider and its external auditors (including any updates to such examinations which may have occurred since the last SCI Canada examination), and information needed to permit SCI Canada and its external auditors to access and test the internal controls established by Provider.

#### 10.0 Privacy.

Notwithstanding anything herein to the contrary, the terms and conditions of the attached Privacy and Data Security Addendum are hereby incorporated into the terms of this Agreement and made a part hereof as if fully set forth herein. Although it is not initially contemplated that Provider shall have access to any "Personal Information" as defined on such Addendum, Provider shall comply with the terms of such Addendum in the event any such access is provided in connection with the Products or Services at a later date during the term of the Agreement.

#### 11.0 Force Majeure.

If and to the extent that a Party's performance of any of its obligations pursuant to this Agreement is prevented or delayed by (i) acts of war, terrorism, civil rights or rebellions, (ii) quarantines, embargoes and other similar unusual governmental action, or (iii) extraordinary, unforeseeable elements of nature or acts of God (each a "Force Majeure Event"), and such non-performance or delay could not have been prevented by the non-performing Party's reasonable precautions or commercially accepted processes, or could not reasonably be circumvented by the non-performing Party through the use of substitute services, alternate sources, work-around plans, or other means, then the non-performing Party shall be excused for such non-performance or delay of those obligations affected by the Force Majeure Event for as long as such Force Majeure Event continues and such Party continues to recommence performance to the greatest extent possible without delay. Notwithstanding anything to the contrary, strikes, lockouts or labor disputes involving a Party and third parties, changes in laws and regulations (except any changes that would render performance illegal), the failure by a Party's subcontractors or suppliers to perform any services or provide any goods (other than to the extent attributable to a Force Majeure Event) or the breach by a Party's subcontractors or suppliers of any of their obligations to a Party shall not qualify as Force Majeure Events.

#### 12.0 Conflict Minerals.

Provider represents and warrants that its products and the Deliverables do not contain any Conflict Minerals (as defined in Section 1502(e)(4) of the Dodd-Frank Wall Street Reform and Consumer Protection Act) originating in the Democratic Republic of Congo or any adjoining country. Conflict Minerals include but are not limited to columbite-tantalite, cassiterite, gold, wolframite and their derivatives, as well as any other mineral or its derivative determined by the US Secretary of State to be financing conflict in the Democratic Republic of Congo or an adjoining country. Should any such products or Deliverables contain Conflict Minerals or should Provider have reason to believe that any such products or Deliverables contain Conflict Minerals, Provider must promptly provide written certification detailing the origin of the Conflict Minerals and will provide information in a form that will allow to verify compliance with Section 1502 of the Dodd-Frank Act. Provider shall further assist with any requests for information, certifications, or other similar documents as may request regarding the products and Deliverables and Provider's compliance with this section. Provider shall use due diligence protocols, standards, and procedures that meet or exceed the reasonable country of origin inquiry described in the SEC rules and the relevant best practices. Provider shall indemnify, defend, and hold harmless SCI (including its shareholders, directors, officers, employees, customers, contractors, agents and other representatives) from and against any and all potential demands, claims, actions, causes of action, proceedings, suits, assessments, losses, damages, liabilities, settlements, judgments, fines, penalties, interest, costs and expenses (including fees and disbursements of counsel) of every kind which arise out of, relate to, or in any way connect with any actual or alleged Conflict Minerals in any of the products or Deliverables, or Provider's noncompliance with this section.

*[Signature page follows]*

By signing below, the Parties are agreeing to the terms and conditions contained in this Master Relationship Agreement.

SERVICE CORPORATION INTERNATIONAL  
(CANADA) ULC

By: 

Printed Name: Rone Luczynski

Title: PRESIDENT-RONE LUCZYNSKI

1882540 ONTARIO INC

By: 

Printed Name: Cesario Grinjo

Title: CEO

## EXHIBIT A SERVICES SCHEDULE

This Services Schedule between Service Corporation International (Canada) ULC (together with its subsidiaries and affiliates, "SCI"), and 1882540 Ontario INC ("Provider"), is subject to the terms and conditions of that certain Master Relationship Agreement ("MRA") between the Parties on the "Effective Date" as referenced on the MRA. Any capitalized terms not defined herein shall have the same meaning as defined within the MRA.

### SCOPE AND OBJECTIVES

1. **TERM OF AGREEMENT.** Two year period with the expectation that this entire program can be extended when and if so agreed upon in writing by both Parties.
2. **FRIENDS & FAMILY PROGRAM.** In accordance with the terms set forth in this Agreement, the Parties shall participate in an online "Friends & Family Program" pursuant to which, among other things, SCI's funeral home and cemetery locations in Canada (collectively, the "Participants") may market the products and services of Provider as the Participant's primary online supplier to friends and family members of their customers as set forth in this Agreement.

All of the Participants, except for the Participants listed on **Schedule A** and any Participants which are sold by SCI, may implement and operate the Friends & Family Program in accordance with this Agreement, subject to functioning usability and acceptability to a given Participant of a dedicated ordering webpage as described below. The list of excluded Participants on Schedule A may be revised by SCI Canada in its sole discretion upon written notice at any time. A Participant that is eligible to participate in the Friends & Family Program hereunder shall be referred to herein as a "Qualifying Participant." The Parties may mutually agree on a roll-out strategy by which certain Qualifying Participants participate in advance of others.

In connection with the Friends & Family Program, each Party agrees to the terms thereof as described below and each Party agrees to undertake its respective responsibilities with respect thereto as set forth below:

- i. 1882540 Ontario INC will design, develop, and host a co-branded site for each of those Qualifying Participants that are in line for participation (each, an "F&F Co-Branded Site") as well as the Employee Co-Branded Site (defined below), and shall give SCI Canada 15 days advance notice of the launch of each such site including a complete mock-up of the content of the site (and all proposed use of SCI branding) and a listing of all links to be utilized by the site (including any and all of the links for floral and any other gift offerings available on the F&F Co-Branded Site (such as gift baskets, etc.) for such Qualifying Participant to a website specified by 1882540 Ontario INC for such F&F Co-Branded Site). Provider shall not make any F&F Co-Branded Site or the Employee Co-Branded Site publicly available without SCI Canada's advance written approval of the corresponding mock up for that site (which approval may be in writing and will not be unreasonably withheld or delayed). Concurrent with the launch of each F&F Co-Branded Site, SCI Canada shall implement website links to the F&F Co-Branded Site from the Participant's own website, if any, and from other SCI websites in SCI Canada's discretion. Provider shall operate the F&F Co-Branded Site and the Employee Co-Branded Site in accordance with generally-accepted e-commerce industry standards, and each such site shall clearly state that Provider is the provider of the site. Provider shall abide by a terms of use and a privacy policy which shall be clearly posted on each F&F Co-Branded Site and the Employee Co-Branded Site and which shall be approved by SCI Canada in writing in advance. Such privacy policy shall provide that Provider may share Customer information (including sales information) obtained in connection with the F&F Co-Branded Site, Employee Co-Branded Site, or any Provider website linked to a F&F Co-Branded Site (a "Sales Site") with SCI but that Provider shall not otherwise share or disclose such Customer and sales information with any other third party except for service providers under strict obligations of confidentiality or as required by law. . Each F&F Co-Branded Site shall offer for sale Products agreed to by SCI Canada and 1882540 Ontario INC. 1882540 Ontario INC and SCI Canada will periodically review the results of the

Friends & Family Program and feedback received from consumers and Qualifying Participants to optimize the F&F Co-Branded Sites and the selection of products available thereon. 1882540 Ontario INC will also assign a unique promotion code (the "F&F Code") for telephone purchases by customers of each Qualifying Participant ordered through the telephone number(s) designated by 1882540 Ontario INC therefor (the "Designated Telephone Number"). Provider shall abide by all applicable laws in connection with: (i) the operation of the F&F Co-Branded Sites, the Employee Co-Branded Sites, and, as applicable to Customers, the Sales Sites; (ii) the handling and recording of telephone orders emanating from the F&F Co-Branded Site, the Employee Co-Branded Site, or any other SCI referral source; and (iii) the use of telephone numbers, physical addresses, and email addresses to contact Customers.

- ii. Using the websites and webpages of Qualifying Participants, SCI Canada will promote floral and gift purchases to visitors of such websites and webpages, in each case where links to the F&F Co-Branded Sites are available.
- iii. Beginning a reasonable time prior to launch, 1882540 Ontario INC will provide development access to each F&F Co-Branded site to SCI for the purpose of allowing SCI to tag said site for analytical purposes.
- iv. 1882540 Ontario INC will maintain F&F Co-Branded Sites and the Employee Co-Branded Site in both English and French as per Canadian requirements.
- v. 1882540 Ontario INC will develop F&F Co-Branded Sites with the ability for Customers to view items in both Canadian and US Dollars.
- vi. The Friends & Family Program is limited to the online sale of floral and gifting products. SCI is not limited in any manner as it relates to the sale of floral and gifting products through other distribution channels.
- vii. While no plans currently exist for the development of a third-party at-need floral offering program, should one be developed by SCI Canada during the term of this Agreement, SCI Canada agrees that prior to its selection of supplier(s) therefor, 1882540 Ontario INC will be given reasonable opportunity to bid on becoming the supplier.
- viii. 1882540 Ontario INC will email Customers an order confirmation immediately using an automatic reply for those orders placed through the F&F Co-Branded Site. Customers who place telephone orders with a customer service representative will receive order confirmations to an email address provided by Customer for that purpose within 5 minutes of order being placed. In all cases, Provider will comply with applicable Canadian law governing email communications to consumers.
- ix. Delivery confirmations will be sent to all Customers within 24 hours of orders being delivered.
- x. At a minimum, all F&F Co-Branded Sites must be functioning and available to Customers 99.99%. Provider will notify SCI Canada at least 48 hours advance notice of any planned outages, which shall be scheduled to occur outside of business hours to the extent possible. In addition, Provider will notify SCI Canada immediately in the event of any unexpected outages and will immediately devote appropriate resources as necessary to resolve any unexpected outage as soon as reasonably possible.

3. **PROGRAM'S COST-SHARING.** SCI Canada and 1882540 Ontario INC agree that costs or expenses related to the implementation and ongoing operation of the Friends & Family Program (other than order-related costs or expenses, which shall be born solely by Provider) shall be shared, if at all, as follows:

Description of Cost/Expense:	Cost-Sharing Allocation:
Employee Co-Branded Site and F&F Co-Branded Sites (including, without limitation, design, creation, installation, implementation, integration, ongoing development, hosting, maintenance, optimization, back-up facilities, licensing fees, etc.) and other technology development expenses	1882540 Ontario INC – 100%
Personnel of 1882540 Ontario INC assigned to the Friends & Family Program to provide Deliverables and to meet customer and Services support needs	1882540 Ontario INC – 100%
Marketing of Friends & Family Program (including, without limitation, creation, printing, storage, shipping and handling of materials, advertisements, etc.)	1882540 Ontario INC – 100%
Personnel of SCI assigned to the Friends & Family Program	SCI – 100%
Training of Participants for Friends & Family Program (not including any reasonable support required from Provider in connection with the Services or the F&F Co-Branded Site)	SCI Canada – 100%
Travel Expenses in compliance with travel policy with prior written approval, excluding travel between headquarters of SCI (in Houston, Texas) and 1882540 Ontario INC (for travel between headquarters, each Party pays expenses for its own employees).	SCI Canada – 100%

4. **JOINT PERFORMANCE REVIEW.** SCI and 1882540 Ontario INC agree to hold regular (defined as no less than quarterly) meetings or teleconferences to discuss and assess the implementation, operation and performance of the Friends & Family Program contemplated hereunder, with the aim of jointly addressing any concerns or operational or performance issues that may arise as this Program is implemented. The Parties agree to act in good faith to resolve any issues in this Program as soon as possible but no later than ten (10) business days after written notice describing the specific issues has been received by the other Party, unless the issue(s) raised cannot reasonably be resolved within such ten (10) business day period in which event the Parties will use commercially reasonable diligence to achieve and implement resolution as soon as possible.
5. **COMMISSION.** 1882540 Ontario INC agrees to pay to SCI Canada a commission (the “Commission”) as set forth below based on the total Revenue (as defined below) received from the sale of Products in connection with



the Friends & Family Program. For purposes of this Agreement, the term "Revenue" shall mean the actual revenues received and collected by 1882540 Ontario INC from the sale of products purchased from Customers other than customers of the Employee Co-Branded Site or using an Employee Code, (a) excluding shipping and handling charges, add-ons, sales and use taxes, service fees and delivery fees, and (b) reduced by discounts, bad checks, bad debt, credit card charge-backs, refunds and credits issued on account of returns or otherwise granted to Customers in the ordinary course of business. For the sake of clarity, the Parties acknowledge and agree that no Commission shall be payable on purchases made through the Employee Co-Branded Site and Employee Code (each term as defined below). 1882540 Ontario INC shall pay Commission payments earned during a calendar month on a monthly basis within twenty-five (25) days after the close of each such calendar month of the term of this Agreement and will include with each payment a reasonably detailed calculation of the corresponding commission due to SCI Canada. The Commission amount is thirty percent (30%) of all Revenue and will be paid in Canadian funds.

- i. 1882540 Ontario INC reserves the right at any time to establish and/or modify the retail pricing of its products and services on the F&F Co-Branded Sites under the Friends & Family Program, as well as on the Employee Co-Branded Site, including, without limitation charging or changing the service or other fees applicable to customers purchasing under the Friends & Family Program. For the sake of clarity, the Parties acknowledge and agree that such changes to the pricing of 1882540 Ontario INC products and services may usually be applied to limited periods of time, such as holiday periods, weekends, or other periods. However since sympathy flowers are not affected by holidays, 1882540 Ontario INC must notify SCI Canada in writing or via email of all proposed price changes with 21 days' notice and must be approved by SCI Canada, which approval will not be unreasonably withheld or delayed.
  - ii. Further, the Parties may mutually agree to test an elevated proactive customer service follow-up program to ensure better order fulfillment, it being understood by the Parties that such program would be funded by raising service fees or product prices per order by an amount agreed upon by both Parties that would offset the associated costs of such program.
6. PAYMENT TERMS. All orders placed by customers through the F&F Co-Branded Sites and the Designated Telephone Number referencing the F&F Code will be required to be paid for by such customer with a valid credit or debit card at the time such orders are placed. All charges will have the appropriate Canadian transaction tax added based on location. Invoices will be in Canadian Dollars ("CN\$") using the conversion rate (the "Conversion Rate") from US\$ to CN\$ as established by the conversion table found at [www.ratesfx.com/rates/rate-conversion.html](http://www.ratesfx.com/rates/rate-conversion.html), unless otherwise required by applicable payment laws or applicable payment card rules and agreement terms. The initial Conversion Rate shall be established as of the Effective Date and continue to be effective until September 30, 2015, unless otherwise required by applicable payment laws or applicable payment card rules and agreement terms. Subsequent Conversion Rates shall be established as of the first day of each calendar quarter during the Term (the "Conversion Dates") and applied consistently for the quarter in which it was established, unless otherwise required by applicable payment laws or applicable payment card rules and agreement terms.

Provider shall abide by the Payment Card Industry Data Security Standards ("PCI DSS") in connection with the handling of all payment cardholder information obtained from Customers in connection with the F&F Co-Branded Site, the Employee Co-Branded Site or any phone orders. Provider shall ensure that its service provider(s) that have access to any such payment cardholder information are also obligated to comply with PCI DSS.

Within 15 days of the Effective Date, Provider shall provide SCI Canada with a recent attestation of Provider's compliance with PCI DSS signed by a Qualified Security Assessor under the version of PCI DSS that is current as

of the date of such attestation. On an annual basis, before the end of each calendar year during the term, Provider shall provide such an attestation for itself and also for the service provider(s) that have any access to payment cardholder information obtained from Customers in connection with the F&F Co-Branded Site, the Employee Co-Branded Site or any phone orders.

7. **ADDITIONAL EMPLOYEE PROGRAM.** During the term of this Agreement, 1882540 Ontario INC will host a separate co-branded site (the "Employee Co-Branded Site") and assign a unique promotion code (the "Employee Code") for telephone purchases through the Designated Telephone Number for SCI's employees to make personal purchases. All orders placed by SCI's employees through the Employee Co-Branded Site and the Designated Telephone Number referencing the Employee Code will be required to be paid for by such employee with a valid credit or debit card at the time such order is placed. Retail pricing of products listed on the Employee Co-Branded site will be the same or better than those retail prices listed on the F&F Co-Branded Sites. The discount rate on the orders placed through the Employee Co-Branded Site and the Designated Telephone Number referencing the Employee Code will be as set forth on the Employee Co-Branded Site (a minimum of 30% off the price of most products as specified on the Employee Co-Branded Site). The Employee Co-Branded Site will consist of products recommended by 1882540 Ontario INC in its sole discretion.
8. **FLORAL SUPPORT.** 1882540 Ontario INC will assign a specific number of weekly hours of an employee to assist both Parties in maximizing the Friends & Family Program described in this Agreement to its fullest potential. This individual will be located at 1882540 Ontario INC corporate offices in Toronto, Ontario and will report to an appropriate department at 1882540 Ontario INC (to be determined by 1882540 Ontario INC in its sole discretion). This individual will not be an employee of SCI and SCI will not be responsible or liable for his/her wages, taxes or travel and other expenses except for approved travel expenses as outlined in the table set forth in Section 3. Subject to approval requirements, the Parties intend for such individual to travel between 1882540 Ontario INC offices and SCI's offices as necessary. If mutually agreed upon by the Parties, additional employees of one or both Parties may be subsequently assigned by such Party to further assist with the Friends & Family Program.
9. **CALL CENTER.** 1882540 Ontario INC will provide a Call Center to support both English and French SCI employees and Customers. 1882540 Ontario INC will provide a Toll Free number that will be traceable for phone orders. 1882540 Ontario INC will provide both an English and French Call Center that will provide support 7 days a week / 24 hours a day. 1882540 Ontario INC Call Centers, both English and French, will address the caller reflecting SCI branding, provided that the scripting for any and all use of SCI branding shall be approved in writing in advance by SCI Canada.
10. **SERVICE LEVEL GUARANTEE.** 1882540 Ontario INC will address within 24 hours all complaints, refunds, returns, and questions by Customers. 1882540 Ontario INC will ensure SCI and the Customer is 100% satisfied.
11. **CANCELLATION/RETURN POLICY.** 1882540 Ontario INC cancellation or return policy is that customer will receive full refund if order is cancelled 6 hours prior to first viewing.
12. **TRADEMARKS.**
  - A. 1882540 Ontario INC, as licensee of the 1882540 Ontario INC marks, hereby grants to SCI, for the Term of this Agreement, a non-exclusive, revocable, worldwide, royalty-free (except as otherwise provided in this Agreement) license to use, publish and display the 1882540 Ontario INC marks, logos, and other branding, only as pre-approved by 1882540 Ontario INC in writing. for use to carry out the purposes of this Agreement. If SCI's use of the 1882540 Ontario INC marks does not conform to 1882540 Ontario

INC quality standards as determined by 1882540 Ontario INC in its sole discretion, then 1882540 Ontario INC shall notify SCI of such nonconformance, and the SCI shall have ten (10) business days to cure such non-conformance. If the non-conformance is not cured within such period, 1882540 Ontario INC may immediately terminate the license to use the 1882540 Ontario INC marks in connection with the non-conforming use. 1882540 Ontario INC will have final creative approval over any printed material SCI prints and publishes or displays online containing 1882540 Ontario INC marks, logo, and other branding.

- B. As reflected by its signature below, SCI Administrative Services, L.L.C., as general partner and on behalf of SCI Management L.P. ("SCI Management"), as the lawful holder of rights in and to SCI's marks logos, and other branding, hereby grants to 1882540 Ontario INC, for the term of this Agreement, a non-exclusive, revocable, royalty-free license to use, publish and display SCI's service marks, logos, and other branding, only as pre-approved by SCI Management or its designee in writing, for use to carry out the purposes of this Agreement. For clarity, such use shall be directed to potential sales in Canada and/or to potential Customers located in Canada, it being understood that the Internet provides access without regard to geographic boundaries. If 1882540 Ontario INC use of SCI's service marks, logos, and other branding does not conform to SCI's quality standards as determined by SCI Management in its sole discretion, then SCI Management shall notify 1882540 Ontario INC of such non-conformance and 1882540 Ontario INC shall have ten (10) business days to cure such non-conformance. If the non-conformance is not cured within such period, SCI Management may immediately terminate the license to use SCI's marks, logos, and other branding in connection with the non-conforming use. SCI Management or its designee will have final creative approval over any printed material 1882540 Ontario INC prints and publishes or displays online containing SCI's service marks, logos, and other branding.
13. PUBLICITY/ CONFIDENTIALTY OF TERMS OF AGREEMENT. Neither Party shall issue any press releases or announcements related to this Agreement without the prior review and written approval of the other Party, which approval shall be given or withheld in either Party's sole discretion; provided that either Party (or a publicly traded parent or affiliate thereof) may refer to this Agreement, the relationship between the Parties hereunder and the services provided hereunder in any of its disclosures to, or filings with, the Securities and Exchange Commission, NASDAQ, NYSE or other applicable stock exchange, or in any of its investor or analyst presentations. Following the issuance of any press release related to this Agreement, each Party thereafter shall be entitled to disclose (a) the existence of this Agreement, (b) the general nature of this Agreement and the services to be provided, (c) the relationship between the Parties.. Except as set forth in this Section 12, neither Party may create, publish or distribute any items that reference the other Party without first submitting these items to such other Party and receiving such Party's written consent, which consent may be granted or withheld in such Party's sole and absolute discretion. Other than as set forth in this Section 12, the terms and conditions of this Agreement will be considered "Confidential Information" (as defined in the Mutual NDA (defined below)) of each Party and will not be disclosed to third parties, except to a Party's attorneys, consultants, and advisors under an obligation of confidentiality, or as permitted under such Mutual NDA.
14. CONFIDENTIAL INFORMATION. The Parties will abide by the separate Mutual Non-Disclosure Agreement ("Mutual NDA") entered into between them effective on or about June 1, 2015; provided, however, that in the event of any discrepancy between the Mutual NDA and this Agreement, this Agreement will govern.
15. CONDUCT. In conducting all activities relating to this Agreement, each Party agrees to refrain from : (a) conducting business in a manner that intentionally reflects unfavorably on the business of the other Party; (b) employing deceptive, misleading or unethical practices that are detrimental to the Parties, their products, and/or services; (c) knowingly making any false, disparaging or misleading representations, statements or comments with regard to the other Party's products and/or services; (d) knowingly publishing or employing any misleading or deceptive advertising material; and (e) making any warranties or guaranties to anyone with respect to any products offered on or through the F&F Co-Branded Sites and the Employee Co-Branded Site, other than

the warranties or guaranties, if any, that are specifically set forth in the terms of use applicable to such F&F Co-Branded Sites or Employee Co-Branded Site.

**Project Contact and Authorized Representatives:**

Daniel Wu - Digital Product Manager, Daniel.Wu@sci-us.com

Robert Frogge - Director Digital Marketing, Robert.Frogge@sci-us.com

Cesario Ginjo - CEO, 1882540 Ontario INC, Cesario@whatabloom.com

Shari Brotherton - Buyer III, Shari.Brotherton@sci-us.com

Michael Jewart - Merchandise Manager, Michael.Jewart@sci-us.com

Scott Sayes - Director of Direct Merchandise, Scott.Sayes@sci-us.com

By signing below, the Parties are agreeing to the terms and conditions contained in this Services Schedule.

**SERVICE CORPORATION INTERNATIONAL  
(CANADA) ULC**

**1882540 ONTARIO INC**

By:  \_\_\_\_\_

Printed Name: Rons Luczynski

Title: ~~VIC PRESIDENT RONS LUCZYNSKI~~

By:  \_\_\_\_\_

Printed Name: Cesario Ginjo

Title: CEO

As to Section 12.B. only:

**SCI Administrative Services, L.L.C.,  
as general partner and on behalf of  
SCI Management L.P.**

By:  \_\_\_\_\_

Printed Name: CURTIS BRIGGS

Title: SENIOR CORPORATE COUNSEL

**SCHEDULE A  
EXCLUDED PARTICIPANTS**

Location	Reporting Name	Physical Address	Physical City	Physical State Code	Physical Zip
3004	JA Snow Funeral Home	339 Lacewood Drive	Halifax	NS	B3S0E1
3177	T.W. Curry Parkview Chapel	755 George Street	Sydney	NS	B1P1L4
3178	Inverness Funeral Home	45 Macisaac Street	Inverness	NS	B0E1N0
3179	Fillmore & Whitman Funeral Home	10 Clyde Ave	Sydney Mines	NS	B1V2E4
3180	Patten Funeral Home	71 Union Street	Glace Bay	NS	B1A2P6
3193	Sydney Crematorium	400 George Street	Sydney	NS	B1P1K3
3198	Salons funéraires Maher Funeral Homes	33 Rue Lansdowne Street West	Campbellton	NB	E3N2L7
3604	T.W. Curry Parkview Chapel & Crematory	400 George Street	Sydney	NS	B1P1K3
3609	Maher's Crematorium	33 Rue Lansdowne Street West	Campbellton	NB	E3N3G4
3617	Valley Crematorium	210 Claude Street	Wolseley	SK	S0G5H0
3751	Thomson Funeral Home	669 Broadway	Winnipeg	MB	R3C0X4
3752	Klassen Funeral Home	1897 Henderson Highway	Winnipeg	MB	R2G1P4
3753	Green Acres Funeral Home and Cemetery	No1 Highway East at Navin Road	Winnipeg	MB	R2C2Z3
3754	Thomson In the Park Funeral Home and Cemetery	1291 McGillivray Blvd	Winnipeg	MB	R3T5Y4
3756	A.L. Mattatall Funeral Home	217 Portland Street	Dartmouth	NS	B2Y1J5
3757	Jayne's Funeral Home	7 Birch Street	Digby	NS	B0V1A0
3758	Cruikshank's Halifax Funeral Home	2666 Windsor Street	Halifax	NS	B3K5C9
3761	Jayne's Funeral Home	Highway No 1	Weymouth	NS	B0W3T0
3799	Ross Funeral Service	123 - 4th Ave East	Assiniboia	SK	S0H0B0
3841	Fillmore & Whitman Funeral Home	N/a	Ingonish	NS	B0C1K0
3842	Salons funéraires Maher Funeral Homes	421 Rue Victoria Street	Dalhousie	NB	E8C2V2
3843	Salons funéraires Maher Funeral Homes	517 Ave Des Pionniers	Balmoral	NB	E8E1B3
3844	Salons funéraires Maher Funeral Homes	1258 Chemin Val D'Amour Rd.	Val D'Amour	NB	E3N5M5
3845	Salons funéraires Maher Chapel	64 Rue Lansdowne Street West	Campbellton	NB	E3N3G4
3851	Orsted-Carlyle Funeral Home	302 Railway West	Carlyle	SK	S0C0R0
3852	Scharf's Funeral Home	418 - 2nd Ave	Cudworth	SK	S0K1B0
3853	Lee Funeral Home and Crematorium	105 Stanley Street	Cupar	SK	S0G0Y0
3857	Salows and McDonald - Wilson and Zehner Funeral Home	1271 103 Street	North Battleford	SK	S9A1K7
3860	Fletcher Funeral Chapels	334 Main Street	Radville	SK	S0C2G0
3861	Lee Funeral Home and Crematorium	3101 Dewdney Ave	Regina	SK	S4T0Y5
3862	Victoria Avenue Funeral Home and Cremation Centre	2080 Victoria Ave E	Regina	SK	S4N7B9
3863	Clements Rosetown Funeral Home	510 Young Street	Rosetown	SK	S0L2V0
3865	Acadia McKague's Funeral Centre	915 Acadia Drive	Saskatoon	SK	S7H5N4
3867	Fletcher Funeral Chapel	237 - 4th Street North East	Weyburn	SK	S4H0Y4
3875	Harbourside Crematorium	2632 King Street	Halifax	NS	B3K4T8
3876	HALIFAX CENTRAL CARE CENTER	2632 King Street	Halifax	NS	B3K4T8
3890	Tubman Funeral Home	224 Company Ave	Fort Qu'Appelle	SK	S0G1S0
3891	Tubman Funeral Home	1005 Boyle Street	Indian Head	SK	S0G2K0
3892	Tubman Funeral Home	416 Main Street	Kipling	SK	S0G2S0
3893	Tubman Funeral Home/Valley Crematorium	210 Claude Street	Wolseley	SK	S0G5H0
6802	Thomson In The Park Cemetery	1291 McGillivray Blvd	Winnipeg	MB	R3T5Y4
6803	Green Acres Funeral Home and Cemetery	No1 Highway East at Navin Road	Winnipeg	MB	R2C2Z3
6804	Waverley Memorial Gardens	1501 Waverley Street	Winnipeg	MB	R3T0P7
6805	Harbourside Regional Crematorium	2632 King Street	Halifax	NS	B3K4T8
6806	Community Crematorium Services	2120 4th Ave	Regina	SK	S0G4C0
6807	Holy Angel Mausoleum	No1 Highway East at Navin Road	Winnipeg	MB	R2C2Z3
7931	THOMSON IN THE PARK	1291 Mc Gillivray Blvd	Winnipeg	MB	R3T5Y4
7950	Winnipeg Central Care Centre	1291 McGillivray Blvd	Winnipeg	MB	R3T5Y4

**EXHIBIT B**  
**INSURANCE GUIDELINES FOR CONTRACTORS AND VENDORS**

The following must be obtained before any work or related services are performed under this Agreement by Provider:

- Service Corporation International (Canada) ULC should be named as an "Additional Insured" on all coverages as outlined below, except for Workers' Compensation
- A "Waiver of Subrogation" shall be provided in favor of Service Corporation International (Canada) ULC.
  
- All insurance coverage must be from insurance companies with an A.M. Best Guide rating of "A" or better.

**INSURANCE REQUIREMENTS**

**WORKERS' COMPENSATION**

Employer's Liability	Statutory Limits
Bodily Injury by Accident	\$1,000,000. Each Accident
Bodily Injury by Disease	\$1,000,000. Each Employee
Bodily Injury by Disease	\$1,000,000. Policy Limit

**AUTOMOBILE LIABILITY**

\$1,000,000. Per Occurrence Combined Single Limit

Coverage to include:

Owned, Hired and Non-Owned Liability

Primary Insurance Endorsement including the following wording:

"It is hereby noted and agreed that this policy shall be considered primary to any similar insurance held by third parties in respect of work performed or services provided by you (Insured), under written contract or as evidenced by a certificate of insurance with said third parties"

**GENERAL LIABILITY**

\$1,000,000. Per Occurrence

Coverage to include:

Broad Form General Liability Endorsement

Broad Form Contractual Liability Endorsement

Bodily Injury to include Mental Anguish

Products/Completed Operations coverage

Primary Insurance Endorsement including the following wording:

"It is hereby noted and agreed that this policy shall be considered primary to any similar insurance held by third parties in respect of work performed or services provided by you (Insured), under written contract or as evidenced by a certificate of insurance with said third parties"



# CERTIFICATE OF LIABILITY INSURANCE

This Certificate is issued as a matter of information only and confers no rights upon the certificate holder and imposes no liability on the insurer. This certificate does not amend, extend or alter the coverage afforded by the policies below.

<b>1. CERTIFICATE HOLDER - NAME AND MAILING ADDRESS</b> SCI Funeral & Cemetery Cooperative, Inc Purchasing Cooperative, Inc 1929 Allen Parkway Houston, TX 77019	<b>2. INSURED'S FULL NAME AND MAILING ADDRESS</b> 1882540 Ontario Inc./O/A What a Bloom & Special Moments Flowers and More 1444 Dupont St., Unit 11 Toronto, Ontario M6P 4M5
--	--

**3. DESCRIPTION OF OPERATIONS/LOCATIONS/AUTOMOBILES/SPECIAL ITEMS TO WHICH THE CERTIFICATE APPLIES** (but only with respect to the operations of the Named Insured)  
Wholesale flowers and baskets

**4. COVERAGES**  
This is to certify that the policies of insurance listed below have been issued to the insured named above for the policy period indicated notwithstanding any requirement, terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies. **LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS**

TYPE OF INSURANCE	INSURANCE COMPANY AND POLICY NUMBER	EFFECTIVE DATE YYYYMMDD	EXPIRY DATE YYYYMMDD	LIMITS OF LIABILITY (Canadian dollars, unless indicated otherwise)		
				COVERAGE	CHG. AMOUNT OF RETENTION	
<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> Claims Made OR <input checked="" type="checkbox"/> Occurrence <input checked="" type="checkbox"/> Products and/or completed operations <input type="checkbox"/> Employer's Liability <input type="checkbox"/> Cross Liability  <input checked="" type="checkbox"/> Tenants Legal Liability <input type="checkbox"/> Pollution Liability Extension  <input checked="" type="checkbox"/> Non-Owned Automobiles <input type="checkbox"/> Hired Automobiles  <b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> Described Automobiles <input type="checkbox"/> All Owned Automobiles <input type="checkbox"/> Leased Automobiles ** <input type="checkbox"/> <input type="checkbox"/> ** All Automobiles leased in excess of 30 days where the Insured is required to provide insurance	Royal & Sun Alliance Insurance COM800447317	2014/10/6	2015/10/6	Commercial General Liability		
				Body Injury and Property Damage		
				Liability - General Aggregate	1,000	5,000,000
				- Each Occurrence	1,000	3,000,000
				Products and Completed Operations Aggregate		3,000,000
				<input type="checkbox"/> Personal Injury Liability		
				<input checked="" type="checkbox"/> Personal and Advertising Injury Liability	1,000	3,000,000
				Medical Payments		10,000
				Tenants Legal Liability	1,000	3,000,000
				Pollution Liability Extension		
<b>EXCESS LIABILITY</b> <input checked="" type="checkbox"/> Umbrella Form <input type="checkbox"/>	Royal & Sun Alliance Insurance COM800447317	2014/10/6	2015/10/6	Non-Owned Automobile	3,000,000	
				Bodily Injury and Property Damage Combined		
				Bodily Injury (Per Person)		
				Bodily Injury (Per Accident)		
				Property Damage		
<b>OTHER LIABILITY (SPECIFY)</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>				Each Occurrence	2,000,000	
				Aggregate	2,000,000	

**5. CANCELLATION**  
Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 50 days written notice to the certificate holder named above but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

<b>6. BROKERAGE/AGENCY FULL NAME AND MAILING ADDRESS</b> Pearson Dunn Insurance Inc 435 McNeilly Rd. Suite 103 Stoney Creek, On L8E 5E3  BROKER CLIENT ID: WHAA50	<b>7. ADDITIONAL INSURED NAME AND MAILING ADDRESS</b> (but only with respect to the operations of the Named Insured) SCI Funeral & Cemetery Cooperative, Inc Purchasing Cooperative, Inc 1929 Allen Parkway Houston, TX 77019
--	--

**8. CERTIFICATE AUTHORIZATION**

Issuer: Pearson Dunn Insurance Inc	Contact Number(s):
Authorized Representative: <i>Lybiana Nguyen</i>	Type: No
Signature of Authorized Representative: <i>Lybiana Nguyen</i>	Type Phone: No (805) 255-1790
	Type Fax: No (905) 255-1795
	Certificate Date: 2015   5   29
	Email Address: tnguyen@pearsondunn.com

**CSIO****CERTIFICATE OF LIABILITY INSURANCE**

This document is issued in a number of jurisdictions only and carries no rights with the jurisdiction shown and requires no filing in the issuer.  
 This certificate does not amend, extend or alter the coverage afforded by the policies below.

<b>1. CERTIFICATE HOLDER - NAME AND MAILING ADDRESS</b> SCS Funeral & Cemetery Cooperative, Inc. Purchasing Cooperative, Inc. 1629 Allen Parkway Houston, Texas 77019	<b>2. INSURED'S FULL NAME AND MAILING ADDRESS</b> 1862840 Ontario Ins. Co. A 1444 Dupont St., Unit 11 Toronto, Ontario M6P 4M5
---	---

**3. DESCRIPTION OF OPERATIONS/LOCATION/AUTOMOBILES/SPECIAL ITEMS TO WHICH THIS CERTIFICATE APPLIES** (But only with respect to the operations of the named insured.)  
 Wholesale flowers and baskets

**4. COVERAGES**  
 This is to certify that the policies of insurance listed below have been issued to the insured named above for the policies listed below and no amendments to any requirement terms or conditions of any contract or other document with respect to which this certificate may be issued or may pertain. The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies.  
**LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS**

TYPE OF INSURANCE	INSURANCE COMPANY AND POLICY NUMBER	EFFECTIVE DATE YYYYMMDD	EXPIRY DATE YYYYMMDD	LIMITS OF LIABILITY (Covered dollars unless indicated otherwise)		
				COVERAGE	DED.	AMOUNT
<b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> Claims Made OR <input type="checkbox"/> Occurrence <input type="checkbox"/> Products and/or completed operations <input type="checkbox"/> Employer's Liability <input type="checkbox"/> Cross Liability  <input type="checkbox"/> Tenants Legal Liability <input type="checkbox"/> Pollution Liability Exclusion <input type="checkbox"/> Non-Owned Automobiles <input type="checkbox"/> Hired Automobiles				Commercial General Liability Bodily Injury and Property Damage Liability - General Aggregate - Each Occurrence Products and Completed Operations Aggregate <input type="checkbox"/> Personal Injury Liability <input type="checkbox"/> Personal and Advertising Injury Liability Medical Payments Tenants Legal Liability Pollution Liability Exclusion Non-Owned Automobile		
<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> Owned Automobiles <input type="checkbox"/> All Owned Automobiles <input type="checkbox"/> Leased Automobiles ** <input type="checkbox"/> <input type="checkbox"/> ** All Automobiles leased in excess of 30 days where the insured is required to provide insurance	Royal & Sun Alliance Insurance CAP47433882	2015 / 5 / 16	2016 / 5 / 16	Bodily Injury and Property Damage Combined Bodily Injury (Per Person) Bodily Injury (Per Accident) Property Damage		2,000,000 2,000,000 2,000,000 2,000,000
<b>UMBRELLA LIABILITY</b> <input type="checkbox"/> Umbrella Form <input type="checkbox"/>				Each Occurrence Aggregate		
<b>OTHER LIABILITY (SPECIFY)</b> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>						

**5. CANCELLATION**  
 Should any of the above described policies be cancelled before the expiration date thereof, the issuing company will endeavor to mail 30 days written notice to the certificate holder named above, but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives.

<b>6. BROKER/AGENCY FULL NAME AND MAILING ADDRESS</b> Pearson Dunn Insurance Inc 435 McHally Rd. Suite 103 Stony Creek, On L8E 5E3 BROKER CLIENT ID: WHAA50	<b>7. ADDITIONAL INSURED NAME AND MAILING ADDRESS</b> (But only with respect to the operations of the named insured)
---	---

**8. CERTIFICATE AUTHORIZATION**

Issuer: Pearson Dunn Insurance Inc	Contact Number(s):
Authorized Representative: <i>TARBION NGUYEN</i>	Type: No
Signature of Authorized Representative: <i>[Signature]</i>	Type: Phone No (800) 266-1788
	Type: Fax No (800) 266-1788
	Certificate Date: 2015   1   6
	E-Mail Address: <a href="mailto:enguyen@pearsondunn.com">enguyen@pearsondunn.com</a>





Workplace Safety & Insurance Board

Commission de la sécurité professionnelle et de l'assurance contre les accidents du travail

June 11, 2015

1882540 ONTARIO INC  
MEMORIAL FLOWERS  
65A WINGOLD AVE  
NORTH YORK ON M6B 1P8

Head Office:  
200 Front Street West  
Toronto, Ontario  
Canada M5V 3J1

Siège social :  
200, rue Front Ouest  
Toronto (Ontario)  
Canada M5V 3J1

T (416) 344-1000 F (416) 344-4884  
TTY/ATS : 1-800-387-0050  
1-800-387-0750  
www.wsib.on.ca

Account 6080016  
Firm 768309SX

When writing the WSIB please quote the above account number.  
Indiquez le numéro de dossier dans toute correspondance avec le CSPAAT.

Dear Sir/Madam:

Welcome to the Workplace Safety and Insurance Board (WSIB). We value your business and will strive to provide you with responsive and helpful service at all times.

You will find your Account Details in the table below; it tells you your payroll reporting frequency and premium payment due dates. Please review the information to make sure it is complete and correct. If there are any changes, now or in the future – for example you change your business activity – please notify the WSIB of the change within 10 business days.

Your Account Details

Legal Name:	1882540 ONTARIO INC
Trade Name:	MEMORIAL FLOWERS
WSIB Account Number:	6080016
WSIB Firm Number:	768309SX
Business Activity Description:	Florist Shops
Classification Unit Code:	6521-000
Rate Group:	636 (Other Sales)
Premium Rate (Current Year):	\$1.46 per \$100 of payroll
Payroll Reporting Frequency:	Quarterly
Premium Due Dates:	April 30, July 31, October 31, January 31
Date Coverage Begins:	01May2015
Email Address:	cesario@whatabloom.com
Canada Revenue Agency Business Number	865641575
Number of workers employed:	1

## Privacy and Information Security Addendum

This Privacy and Information Security Addendum (this "Information Security Addendum") is entered into by and between Service Corporation International (Canada) ULC ("SCI Canada") and 1882540 Ontario INC operating as What a Bloom Canada ("Third Party") effective as of June 15, 2015. SCI Canada and Third Party are the "Parties" to this Addendum.

WHEREAS, SCI Canada and Third Party are parties to a Master Relationship Agreement effective as of July 1, 2015, as it has been or may be amended (the "Commercial Agreement") in connection with which Third Party will provide certain services ("Services");

WHEREAS, SCI Canada and its affiliates ("SCI") collect and/or maintain information that identifies or could be used to identify individual data subjects (e.g., customers, employees, or contacts), which may include data elements such as a data subject's name, mailing address, phone number, fax number, email address, Social Security number, payment cardholder information, date of birth, driver's license number, medical treatment or other health information, account number or user ID, PIN, password, device identifiers, or computer IP address ("Personal Information");

WHEREAS, in connection with the Services, Third Party may have access to, use, or on SCI's behalf collect or generate Personal Information;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Third Party agrees that it is responsible for the security of any Personal Information that it accesses, receives, or maintains in performing the Services, and Third Party shall<sup>1</sup> maintain appropriate information security measures with respect to such Personal Information in a manner consistent with applicable law.
2. Third Party shall implement and maintain industry-standard or better administrative, technical, and physical safeguards with respect to Personal Information in its possession, custody, or control. Without limiting the foregoing, Third Party shall appropriately encrypt Personal Information transmitted over the Internet, other public networks, or wireless networks and any Personal Information stored on laptops, tablets, or any other removable or portable media or devices.
3. Absent SCI Canada's advance written permission, Personal Information shall not be collected, stored, handled, accessed, or processed at any location outside of the United States, Canada, and their respective territories.
4. Third Party shall ensure that its employees performing the Services are aware of appropriate measures to maintain the security of Personal Information that they may receive, access, or handle.
5. Third Party shall identify to SCI Canada all subcontractors for materials or services Third Party intends to utilize in connection with the Services who may have access to Personal Information in connection with the Services and shall obtain SCI Canada's written approval of said subcontractors prior to access being granted, such approval not to be unreasonably withheld. Before granting an approved subcontractor access to Personal Information, Third Party shall ensure that such subcontractor has agreed in writing to abide by information security measures with respect to the handling of such Personal Information which are at least as protective of such Personal Information as the security measures applicable to Third Party under this Information Security Addendum. Third Party shall be responsible for any acts or omissions of its subcontractors under this Information Security Addendum as though such acts or omissions were those of Third Party.
6. Third Party shall limit access to Personal Information to those employees and approved subcontractors having a need to access such information in order for Third Party to provide the Services, and shall restrict the Personal Information to which a given employee or approved subcontractor has access to only that Personal Information which such employee or approved subcontractor needs to access in the course of such employee's or approved subcontractor's duties and responsibilities in connection with the Services.
7. Third Party has no rights in the Personal Information other than the rights SCI Canada grants to Third Party to provide the Services. Third Party shall not use Personal Information for purposes other than performing the Services, and Third Party shall ensure that its subcontractors are restricted from any use of Personal Information other than for purposes of performing the Services. Except to the extent otherwise expressly permitted under the Commercial Agreement, Third

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<sup>1</sup> The term "shall" as used anywhere in this document is intended to indicate a mandatory obligation, such that, for example, a statement that a party "shall" do or refrain from a particular act means that such party "must at all relevant times" do or refrain from that act.

Party and its subcontractors shall not disclose Personal Information other than to the extent required by law or a governmental authority having jurisdiction over Third Party or its subcontractor, as applicable. In the event of such required disclosure, Third Party shall notify SCI Canada in advance (if legally permissible to do so) and shall reasonably cooperate with any decision by SCI Canada to seek to condition, minimize the extent of, or oppose such disclosure.

8. Third Party shall immediately notify SCI Canada in writing if Third Party discovers any actual or reasonably suspected breach of security or unauthorized use of Personal Information (i) in the possession, custody, or control of Third Party or its subcontractors and/or (ii) effectuated using access permissions or credentials extended to an employee or subcontractor of Third Party (either (i) or (ii), a "Security Incident"). In no event should Third Party's notification to SCI Canada be later than three (3) calendar days after Third Party discovers the Security Incident. Third Party shall provide all reasonably necessary cooperate with respect to the investigation of such Security Incident, including the exchange of pertinent details (such as log files). Third Party shall promptly (a) take all reasonable remediation measures, (b) provide SCI Canada with a written report of the remediation measures, (c) provide SCI Canada with a written plan describing any additional measures Third Party is implementing to avoid a similar incident, and (d) comply with all applicable data security or privacy laws. SCI Canada may determine whether and when to provide notice of a Security Incident to (1) any individuals whose Personal Information is actually or potentially compromised by such Security Incident, (2) any governmental authority, and/or (3) any other entity, including, but not limited to, consumer credit reporting agencies or the media. SCI Canada may elect either to send notices directly or to have Third Party send such notices, after SCI Canada approves the content. In either case, Third Party shall reimburse SCI Canada for any reasonable costs SCI Canada incurs in the provision of such notices (including the provision of credit monitoring and other identity protection services, to the extent legally required or customarily provided for security incidents of a similar nature).

9. On an annual or more frequent basis, Third Party shall, at its expense, engage a qualified, independent third party security professional to audit the security of the applications and systems that Third Party uses in accessing, processing, or storing Personal Information. Such audit shall be performed according to ISO/IEC 27001 standards, and shall also address the adequacy of Third Party's controls under the Trust Services Principles and Criteria of the American Institute of CPAs, or comparable principles and requirements satisfactory to SCI Canada. Upon SCI Canada's request, Third Party shall provide a corresponding Type 2 Service Organizations Control (SOC) report as well as a supplemental report addressing ISO/IEC 27001 standards. Such reports shall include a clear description of the scope of the audit (including the controls that were tested) and any material findings by the auditor.

10. Subject to any legitimate confidentiality, contractual, and security concerns and limitations that cannot be addressed by an appropriate non-disclosure agreement, Third Party shall reasonably cooperate and permit SCI (and any governmental authorities with jurisdiction in connection with an audit requested by SCI) access for an on-site review of Third Party's information security systems and procedures in order to verify Third Party's compliance with its obligations under this Information Security Addendum and with respect to any other privacy and information security provisions in the Commercial Agreement.

11. Whenever Personal Information is no longer needed for the performance of the Services, or at any time upon written notification from SCI Canada, Third Party shall immediately and unconditionally return or, at SCI Canada's written election, certify the secure destruction of, all Personal Information in Third Party's possession, custody, or control (including Personal Information in the possession, custody, or control of any of Third Party's subcontractors) save and except for any Personal Information as to which return or destruction is not technically feasible (as to which the terms of this Information Security Addendum shall continue to apply for so long as such Personal Information remains in the possession, custody or control of Third Party or its subcontractors).

12. With respect to all PI that constitutes payment cardholder information under the Payment Card Industry Data Security Standard ("PCI DSS") and with respect to any actions or activity that may impact the security of NTTA's systems securing payment cardholder information, Third Party shall, and shall cause its approved subcontractors, as applicable, to:

- a. Abide by PCI DSS, as updated from time to time (currently, version 3.0), and related security and reporting requirements or standards imposed by applicable payment card brand(s) including through the provision of, preparation of, or cooperation in connection with any all reports, assessments, audits, inquiries, or attestations made, to be made, or desired by NTTA pursuant to PCI DSS or applicable payment card brand requirements or standards;
- b. Annually and at such other times as NTTA may reasonably request provide NTTA with a certification

demonstrating compliance with PCI DSS in the relevant capacity, without charging NTTA any fee or other amount with respect to such compliance or certification thereof; and

- c. Without limiting the foregoing, refrain from any recording or storage of card security codes, render primary account numbers unreadable wherever stored, and dispose of payment cardholder information in compliance with PCI DSS Requirement 9.8.

13. In the event the Commercial Agreement contemplates access to or the handling of of any information that constitutes "Protected Health Information" under the Health Insurance Portability and Accountability Act and regulations adopted thereunder ("HIPAA"), the Parties will enter into a separate, mutually agreeable Business Associate Agreement that complies with HIPAA before Third Party gains access to any such Protected Health Information.

14. This Information Security Addendum shall remain in effect as to Personal Information for so long as such Personal Information remains in the possession, custody, or control of Third Party or its subcontractors.

## **APPENDIX “L”**



This Guarantee is made as of 16 April, 2014

Whereas the undersigned (each hereinafter referred to as the "Guarantor") has agreed to provide The Toronto-Dominion Bank (hereinafter referred to as the "Bank") with a guarantee of the Obligations (as hereinafter defined) of 1882540 ONTARIO INC (the "Customer");

And whereas the Guarantor has agreed that if the guarantee herein is not enforceable, the Guarantor will indemnify the Bank or be liable as primary obligor.

**NOW THEREFORE**, in consideration of the Bank dealing with the Customer now or in the future and/or for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor agrees with the Bank as follows:

**1. Obligations Guaranteed**

The Guarantor unconditionally and irrevocably guarantees payment of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred of the Customer to the Bank, whether arising from dealings between the Bank and the Customer or from other dealings or proceedings by which the Bank may be or become in any manner whatsoever a creditor of the Customer, in any currency, whether incurred by the Customer alone or jointly with another or others and whether as a indemnitor or surety, including interest thereon and all amounts owed by the Customer for fees, costs and expenses (collectively referred to as the "Obligations").

**2. Extent of Guarantor's Liability**

In no event shall the amount recoverable by the Bank from the Guarantor under this Guarantee exceed ~~Three Hundred Three Thousand~~ /Thirty Nine Thousand Dollars in lawful money of Canada (Cdn. ~~\$303,000.00~~ /\$39,000.00), plus the costs and expenses of the Bank in enforcing this Guarantee and interest as provided in Section 7.

**3. Indemnity/Primary Obligation**

If (i) any Obligations are not duly paid by the Customer and are not recoverable under Section 1 for any reason, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Bank from and against all losses resulting from the failure of the Customer to pay such Obligations, and (ii) any Obligations are not duly paid by the Customer and are not recoverable under Section 1 or the Bank is not indemnified under clause (i) above of this Section 3, for any reason, such Obligations will, as a separate and distinct obligation, be paid by and recoverable from the Guarantor as primary obligor.

The liabilities of the Guarantor under Section 1 and each of clauses (i) and (ii) of this Section 3 are separate and distinct from each other, but the provisions of this Agreement shall apply to each of such liabilities unless the context otherwise requires.

**4. Nature of Guarantor's Liability**

The liability of the Guarantor under this Guarantee is continuing, absolute and unconditional and will not be affected by any act, omission, event or circumstance that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the liability of the Guarantor hereunder, other than as a result of the indefeasible payment in full of the Obligations, including:

- (a) the unenforceability of any of the Obligations for any reason, including as a result of the act of any governmental authority;
- (b) any irregularity, fraud, illegality, defect or lack of authority or formality in incurring the Obligations, notwithstanding any inquiry that may or may not have been made by the Bank;
- (c) failure of the Bank to comply with or perform any agreements relating to the Obligations;

- (d) any discontinuance, renewal, extension, increase, reduction or any other variance of any of the loans or credits made available to the Customer by the Bank or any change to any of the terms thereof or any waiver by the Bank of any of the obligations of the Customer thereunder;
- (e) the taking of or the failure by the Bank to take a guarantee from any other person;
- (f) any release, compromise, settlement or any other dealing with any person, including any other Guarantor;
- (g) the reorganization of the Customer or its business (whether by amalgamation, merger, transfer, sale or otherwise); and in the case of an amalgamation or merger, the liability of the Guarantor shall apply to the Obligations of the resulting or continuing entity and the term "Customer" shall include such resulting or continuing entity;
- (h) the current financial condition of the Customer and any change in the Customer's financial condition;
- (i) any change in control or ownership of the Customer, or if the Customer is a general or limited partnership, any change in the membership of that partnership or other entity;
- (j) any change in the name, articles or other constating documents of the Customer, or its objects, business or capital structure;
- (k) the bankruptcy, winding-up, dissolution, liquidation or insolvency of the Customer or any proceedings being taken by or against the Customer with respect thereto, and any stay of or moratorium on proceedings by the Bank against the Customer as a result thereof;
- (l) a breach of any duty of the Bank (whether fiduciary or in negligence or otherwise) and whether owed to the Guarantor, the Customer or any other person;
- (m) any lack or limitation of power, capacity or legal status of the Customer, or, if the Customer is an individual, the death of the Customer;
- (n) the Customer's account being closed or the Bank ceasing to deal with the Customer;
- (o) any taking or failure to take any security by the Bank, any loss of or diminution in value of any security, the invalidity, unenforceability, subordination, postponement, release, discharge or substitution, in whole or in part, of any security, or the failure to perfect or maintain perfection or enforce any security; or
- (p) any failure or delay by the Bank in exercising any right or remedy respecting the Obligations or under any security or guarantee.

## 5. Continuing Guarantee

The obligations of the Guarantor hereunder will constitute and be continuing obligations and will apply to and secure any ultimate balance due or remaining due to the Bank and will not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Bank. This Guarantee will continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or must otherwise be returned by the Bank as a result of the occurrence of any action or event, including the insolvency, bankruptcy or reorganization of the Customer or the Guarantor, all as though such payment had not been made.

## 6. Demand for Payment

The Guarantor shall make payment to the Bank under this Guarantee immediately upon receipt of a written demand for payment from the Bank. If any Obligation is not paid by the Customer when due, the Bank may treat all Obligations as due and payable by the Customer and may demand immediate payment under this Guarantee of all or some of the Obligations whether such other Obligations would otherwise be due and payable by the Customer at such time or whether or not any demands, steps or proceedings have been made or taken by the Bank against the Customer or any other person respecting all or any of the Obligations. If any stay of or moratorium on proceedings by the Bank against the Customer is imposed in respect of any Obligation, the Bank may nevertheless demand immediate payment of such Obligation from the Guarantor as if such Obligation was due and payable by the Customer.

## 7. Interest

If the Guarantor does not make immediate payment in full of the Obligations when demand for payment has been made by the Bank, the Guarantor shall pay interest on any unpaid amount to the Bank at the highest rate of interest per annum that is charged on any Obligations for which payment has been demanded hereunder and which remain unpaid.

**8. State of Account**

The records of the Bank in respect of the Obligations will be prima facie evidence of the balance of the amount of the Obligations that are due and payable by the Customer to the Bank.

**9. Application of Moneys Received**

The Bank may, without notice and demand of any kind and at any time, apply any money received from the Guarantor, the Customer or any other person (including arising from any security that the Bank may from time to time hold) or any balance in any account of the Guarantor held at the Bank or any of the Bank's affiliates, to such part of the Obligations, whether due or to become due, as the Bank in its sole and absolute discretion considers appropriate, or may, in its sole and absolute discretion, refrain from applying any such money. The Bank may also revoke and alter any such application in whole or in part. If any amount that is to be applied is in a currency other than the currency of the Obligation to which such amount is to be applied, then the amount that is applied shall be converted from one currency to another using the rate of exchange for the conversion of such currency as determined by the Bank or its agents and the Bank or its agent may earn revenue on such conversion.

**10. No Set-off or Counterclaim**

The Guarantor will make all payments required to be made under this Guarantee without claiming or asserting any right of setoff or counterclaim that the Guarantor has or may have against the Customer or the Bank, all of which rights the Guarantor waives.

**11. Exhausting Recourse**

The Bank is not required to take any proceedings, exhaust its recourse against the Customer or any other Guarantor or person or under any security the Bank may from time to time hold, or take any other action, before being entitled to demand payment from the Guarantor under this Guarantee, and the Guarantor waives all benefits of discussion and division.

**12. No Representations**

There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth herein. The Bank will not be bound by any representations or promises made by Customer to the Guarantor and possession of this Guarantee by the Bank will be conclusive evidence against the Guarantor that this Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with, and this Guarantee will be binding on each Guarantor who has signed this Guarantee notwithstanding the non-execution thereof by any proposed guarantor.

**13. Postponement and Assignment**

The Guarantor hereby postpones payment of all present and future debts and liabilities of the Customer to the Guarantor, and as security for payment of the Obligations, the Guarantor hereby assigns such debts and liabilities to the Bank and agrees that all moneys received from the Customer by or on behalf of the Guarantor shall be held in trust for the Bank and forthwith upon receipt paid over to the Bank, all without prejudice to and without in any way limiting or lessening the liability of the Guarantor to the Bank under this Guarantee. This assignment and postponement is independent of the guarantee, indemnity and primary obligor obligations contained in this Guarantee and will remain in full force and effect until, in the case of the assignment, the liability of the Guarantor under this Guarantee has been discharged or terminated and, in the case of the postponement, until all Obligations are performed and indefeasibly paid in full.

**14. Subrogation**

The Guarantor will not be entitled to be subrogated to the rights of the Bank against the Customer, to be indemnified by the Customer or to claim contribution from any other Guarantor until the Guarantor makes indefeasible payment to the Bank of all amounts owing by the Guarantor to the Bank under this Guarantee and the Obligations are indefeasibly paid in full.



**15. Bankruptcy of Customer**

Upon the bankruptcy or winding up or other distribution of assets of the Customer or of any surety or Guarantor for the Obligations, the Bank's rights shall not be affected by the Bank's failure to prove its claim and the Bank may prove such claim if and in any manner as it deems appropriate in its sole discretion. The Bank may value as it sees fit or refrain from valuing any security held by the Bank without in any way releasing, reducing or otherwise affecting the liability of the Guarantor to the Bank, and until all the Obligations of the Customer to the Bank have been indefeasibly paid in full, the Bank shall have the right to include in its claim the amount of all sums paid by the Guarantor to the Bank under this Guarantee and to prove and rank for and receive dividends in respect of such claim, any and all right to prove and rank for such sums paid by the Guarantor and to receive the full amount of all dividends in respect thereto being hereby assigned and transferred to the Bank.

**16. Costs and Expenses**

The Guarantor agrees to pay all costs and expenses, including legal fees, of enforcing this Guarantee including the charges and expenses of the Bank's in-house lawyers. The Guarantor will pay all legal fees on a solicitor and own client basis.

**17. Other Guarantees and Security**

The liability of the Guarantor under any other guarantee or guarantees given to the Bank in connection with the Obligations shall not be affected by this Guarantee, nor shall this Guarantee affect or be affected by the endorsement by the Guarantor of any note or notes of the Customer, the intention being that the liability of the Guarantor under such other guarantee or guarantees and this Guarantee, and under such other note or notes and this Guarantee, shall be cumulative. Nor shall the Bank be required to marshal in favour of the Guarantor other guarantees granted by other persons or any security, money or other property that the Bank may be entitled to receive or may have a claim upon.

**18. Amendment and Waivers**

No amendment to this Guarantee will be valid or binding unless set forth in writing and duly executed by the Guarantor and the Bank. No waiver by the Bank of any breach of any provision of this Guarantee will be effective or binding unless made in writing and signed by the Bank and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay in the exercise of any right or remedy by the Bank shall operate as a waiver thereof. No failure to exercise a right or remedy or partial exercise of a right or remedy by the Bank shall preclude other or further exercise thereof or the exercise of any other right or remedy by the Bank.

**19. Discharge**

The Guarantor will not be released or discharged from its obligations hereunder except by a written release or discharge signed by the Bank.

**20. General**

This Guarantee shall be binding on the successors of the Guarantor or, if the Guarantor is an individual, the heirs, executors, administrators and other legal representatives of the Guarantor, and shall enure to the benefit of the successors and assigns of the Bank.

If more than one Guarantor has signed this Guarantee, each Guarantor shall be jointly and severally liable under this Guarantee.

To the extent that any limitation period applies to any claim for payment hereunder of the Obligations or remedy for the enforcement of such payment, the Guarantor agrees that any such limitation period is excluded or waived, but if such exclusion and waiver is not permitted by applicable law, then any limitation period is extended to the maximum length permitted by applicable law.

Any notice or demand which the Bank may wish to give under this Guarantee may be personally served on the Guarantor or sent by ordinary mail or electronic mail to the last known address of the Guarantor. Any notice that is sent by ordinary mail shall be conclusively deemed to have been received on the fifth day following the day on which it is mailed. Any notice that is sent by electronic mail shall be conclusively deemed to have been received on the day it is sent.

If any provision of this Guarantee is determined by any court of competent jurisdiction to be invalid or unenforceable in any respect, such invalidity or unenforceability will not affect the validity or enforceability of the remaining provisions of this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of the Province of [Ontario] and the laws of Canada applicable therein.

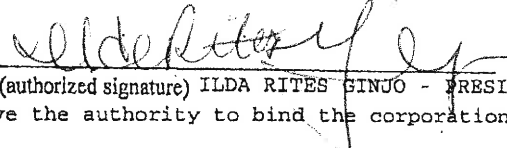
Any word herein contained importing the singular number shall include the plural and any word importing a person shall include a corporation, partnership, firm and any other entity.

Subject to Section 17, this Guarantee constitutes the entire agreement between the Guarantor and the Bank with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto.


Each of the undersigned acknowledges receipt of a copy of this Guarantee.

IN WITNESS WHEREOF, each Guarantor has executed this Guarantee as of the date first written above.

1632032 ONTARIO LTD

Per:   
(authorized signature) ILDA RITES BINJO - PRESIDENT  
I have the authority to bind the corporation.

Per: \_\_\_\_\_  
(authorized signature)

Signature:   
Name: Rosanna Beale

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

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Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

\_\_\_\_\_  
Witness as to execution





This Guarantee is made as of April 14, 2014

Whereas the undersigned (each hereinafter referred to as the "Guarantor") has agreed to provide The Toronto-Dominion Bank (hereinafter referred to as the "Bank") with a guarantee of the Obligations (as hereinafter defined) of 1882540 ONTARIO INC (the "Customer");

And whereas the Guarantor has agreed that if the guarantee herein is not enforceable, the Guarantor will indemnify the Bank or be liable as primary obligor.

NOW THEREFORE, in consideration of the Bank dealing with the Customer now or in the future and/or for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor agrees with the Bank as follows:

1. Obligations Guaranteed

The Guarantor unconditionally and irrevocably guarantees payment of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred of the Customer to the Bank, whether arising from dealings between the Bank and the Customer or from other dealings or proceedings by which the Bank may be or become in any manner whatsoever a creditor of the Customer, in any currency, whether incurred by the Customer alone or jointly with another or others and whether as a indemnitor or surety, including interest thereon and all amounts owed by the Customer for fees, costs and expenses (collectively referred to as the "Obligations").

2. Extent of Guarantor's Liability

In no event shall the amount recoverable by the Bank from the Guarantor under this Guarantee exceed ~~Three Hundred Three Thousand~~ <sup>/Seventy Two Thousand</sup> Dollars in lawful money of Canada (Cdn. ~~\$303,000.00~~ <sup>\$72,000.00</sup>), plus the costs and expenses of the Bank in enforcing this Guarantee and interest as provided in Section 7.

3. Indemnity/Primary Obligation

If (i) any Obligations are not duly paid by the Customer and are not recoverable under Section 1 for any reason, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Bank from and against all losses resulting from the failure of the Customer to pay such Obligations, and (ii) any Obligations are not duly paid by the Customer and are not recoverable under Section 1 or the Bank is not indemnified under clause (i) above of this Section 3, for any reason, such Obligations will, as a separate and distinct obligation, be paid by and recoverable from the Guarantor as primary obligor.

The liabilities of the Guarantor under Section 1 and each of clauses (i) and (ii) of this Section 3 are separate and distinct from each other, but the provisions of this Agreement shall apply to each of such liabilities unless the context otherwise requires.

4. Nature of Guarantor's Liability

The liability of the Guarantor under this Guarantee is continuing, absolute and unconditional and will not be affected by any act, omission, event or circumstance that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the liability of the Guarantor hereunder, other than as a result of the indefeasible payment in full of the Obligations, including:

- (a) the unenforceability of any of the Obligations for any reason, including as a result of the act of any governmental authority;
- (b) any irregularity, fraud, illegality, defect or lack of authority or formality in incurring the Obligations, notwithstanding any inquiry that may or may not have been made by the Bank;
- (c) failure of the Bank to comply with or perform any agreements relating to the Obligations;

- (d) any discontinuance, renewal, extension, increase, reduction or any other variance of any of the loans or credits made available to the Customer by the Bank or any change to any of the terms thereof or any waiver by the Bank of any of the obligations of the Customer thereunder;
- (e) the taking of or the failure by the Bank to take a guarantee from any other person;
- (f) any release, compromise, settlement or any other dealing with any person, including any other Guarantor;
- (g) the reorganization of the Customer or its business (whether by amalgamation, merger, transfer, sale or otherwise); and in the case of an amalgamation or merger, the liability of the Guarantor shall apply to the Obligations of the resulting or continuing entity and the term "Customer" shall include such resulting or continuing entity;
- (h) the current financial condition of the Customer and any change in the Customer's financial condition;
- (i) any change in control or ownership of the Customer, or if the Customer is a general or limited partnership, any change in the membership of that partnership or other entity;
- (j) any change in the name, articles or other constituting documents of the Customer, or its objects, business or capital structure;
- (k) the bankruptcy, winding-up, dissolution, liquidation or insolvency of the Customer or any proceedings being taken by or against the Customer with respect thereto, and any stay of or moratorium on proceedings by the Bank against the Customer as a result thereof;
- (l) a breach of any duty of the Bank (whether fiduciary or in negligence or otherwise) and whether owed to the Guarantor, the Customer or any other person;
- (m) any lack or limitation of power, capacity or legal status of the Customer, or, if the Customer is an individual, the death of the Customer;
- (n) the Customer's account being closed or the Bank ceasing to deal with the Customer;
- (o) any taking or failure to take any security by the Bank, any loss of or diminution in value of any security, the invalidity, unenforceability, subordination, postponement, release, discharge or substitution, in whole or in part, of any security, or the failure to perfect or maintain perfection or enforce any security; or
- (p) any failure or delay by the Bank in exercising any right or remedy respecting the Obligations or under any security or guarantee.

#### 5. Continuing Guarantee

The obligations of the Guarantor hereunder will constitute and be continuing obligations and will apply to and secure any ultimate balance due or remaining due to the Bank and will not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Bank. This Guarantee will continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or must otherwise be returned by the Bank as a result of the occurrence of any action or event, including the insolvency, bankruptcy or reorganization of the Customer or the Guarantor, all as though such payment had not been made.

#### 6. Demand for Payment

The Guarantor shall make payment to the Bank under this Guarantee immediately upon receipt of a written demand for payment from the Bank. If any Obligation is not paid by the Customer when due, the Bank may treat all Obligations as due and payable by the Customer and may demand immediate payment under this Guarantee of all or some of the Obligations whether such other Obligations would otherwise be due and payable by the Customer at such time or whether or not any demands, steps or proceedings have been made or taken by the Bank against the Customer or any other person respecting all or any of the Obligations. If any stay of or moratorium on proceedings by the Bank against the Customer is imposed in respect of any Obligation, the Bank may nevertheless demand immediate payment of such Obligation from the Guarantor as if such Obligation was due and payable by the Customer.

#### 7. Interest

If the Guarantor does not make immediate payment in full of the Obligations when demand for payment has been made by the Bank, the Guarantor shall pay interest on any unpaid amount to the Bank at the highest rate of interest per annum that is charged on any Obligations for which payment has been demanded hereunder and which remain unpaid.

**8. State of Account**

The records of the Bank in respect of the Obligations will be prima facie evidence of the balance of the amount of the Obligations that are due and payable by the Customer to the Bank.

**9. Application of Moneys Received**

The Bank may, without notice and demand of any kind and at any time, apply any money received from the Guarantor, the Customer or any other person (including arising from any security that the Bank may from time to time hold) or any balance in any account of the Guarantor held at the Bank or any of the Bank's affiliates, to such part of the Obligations, whether due or to become due, as the Bank in its sole and absolute discretion considers appropriate, or may, in its sole and absolute discretion, refrain from applying any such money. The Bank may also revoke and alter any such application in whole or in part. If any amount that is to be applied is in a currency other than the currency of the Obligation to which such amount is to be applied, then the amount that is applied shall be converted from one currency to another using the rate of exchange for the conversion of such currency as determined by the Bank or its agents and the Bank or its agent may earn revenue on such conversion.

**10. No Set-off or Counterclaim**

The Guarantor will make all payments required to be made under this Guarantee without claiming or asserting any right of setoff or counterclaim that the Guarantor has or may have against the Customer or the Bank, all of which rights the Guarantor waives.

**11. Exhausting Recourse**

The Bank is not required to take any proceedings, exhaust its recourse against the Customer or any other Guarantor or person or under any security the Bank may from time to time hold, or take any other action, before being entitled to demand payment from the Guarantor under this Guarantee, and the Guarantor waives all benefits of discussion and division.

**12. No Representations**

There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth herein. The Bank will not be bound by any representations or promises made by Customer to the Guarantor and possession of this Guarantee by the Bank will be conclusive evidence against the Guarantor that this Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with, and this Guarantee will be binding on each Guarantor who has signed this Guarantee notwithstanding the non-execution thereof by any proposed guarantor.

**13. Postponement and Assignment**

The Guarantor hereby postpones payment of all present and future debts and liabilities of the Customer to the Guarantor, and as security for payment of the Obligations, the Guarantor hereby assigns such debts and liabilities to the Bank and agrees that all moneys received from the Customer by or on behalf of the Guarantor shall be held in trust for the Bank and forthwith upon receipt paid over to the Bank, all without prejudice to and without in any way limiting or lessening the liability of the Guarantor to the Bank under this Guarantee. This assignment and postponement is independent of the guarantee, indemnity and primary obligor obligations contained in this Guarantee and will remain in full force and effect until, in the case of the assignment, the liability of the Guarantor under this Guarantee has been discharged or terminated and, in the case of the postponement, until all Obligations are performed and indefeasibly paid in full.

**14. Subrogation**

The Guarantor will not be entitled to be subrogated to the rights of the Bank against the Customer, to be indemnified by the Customer or to claim contribution from any other Guarantor until the Guarantor makes indefeasible payment to the Bank of all amounts owing by the Guarantor to the Bank under this Guarantee and the Obligations are indefeasibly paid in full.

**15. Bankruptcy of Customer**

Upon the bankruptcy or winding up or other distribution of assets of the Customer or of any surety or Guarantor for the Obligations, the Bank's rights shall not be affected by the Bank's failure to prove its claim and the Bank may prove such claim if and in any manner as it deems appropriate in its sole discretion. The Bank may value as it sees fit or refrain from valuing any security held by the Bank without in any way releasing, reducing or otherwise affecting the liability of the Guarantor to the Bank, and until all the Obligations of the Customer to the Bank have been indefeasibly paid in full, the Bank shall have the right to include in its claim the amount of all sums paid by the Guarantor to the Bank under this Guarantee and to prove and rank for and receive dividends in respect of such claim, any and all right to prove and rank for such sums paid by the Guarantor and to receive the full amount of all dividends in respect thereto being hereby assigned and transferred to the Bank.

**16. Costs and Expenses**

The Guarantor agrees to pay all costs and expenses, including legal fees, of enforcing this Guarantee including the charges and expenses of the Bank's in-house lawyers. The Guarantor will pay all legal fees on a solicitor and own client basis.

**17. Other Guarantees and Security**

The liability of the Guarantor under any other guarantee or guarantees given to the Bank in connection with the Obligations shall not be affected by this Guarantee, nor shall this Guarantee affect or be affected by the endorsement by the Guarantor of any note or notes of the Customer, the intention being that the liability of the Guarantor under such other guarantee or guarantees and this Guarantee, and under such other note or notes and this Guarantee, shall be cumulative. Nor shall the Bank be required to marshal in favour of the Guarantor other guarantees granted by other persons or any security, money or other property that the Bank may be entitled to receive or may have a claim upon.

**18. Amendment and Waivers**

No amendment to this Guarantee will be valid or binding unless set forth in writing and duly executed by the Guarantor and the Bank. No waiver by the Bank of any breach of any provision of this Guarantee will be effective or binding unless made in writing and signed by the Bank and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay in the exercise of any right or remedy by the Bank shall operate as a waiver thereof. No failure to exercise a right or remedy or partial exercise of a right or remedy by the Bank shall preclude other or further exercise thereof or the exercise of any other right or remedy by the Bank.

**19. Discharge**

The Guarantor will not be released or discharged from its obligations hereunder except by a written release or discharge signed by the Bank.

**20. General**

This Guarantee shall be binding on the successors of the Guarantor or, if the Guarantor is an individual, the heirs, executors, administrators and other legal representatives of the Guarantor, and shall enure to the benefit of the successors and assigns of the Bank.

If more than one Guarantor has signed this Guarantee, each Guarantor shall be jointly and severally liable under this Guarantee.

To the extent that any limitation period applies to any claim for payment hereunder of the Obligations or remedy for the enforcement of such payment, the Guarantor agrees that any such limitation period is excluded or waived, but if such exclusion and waiver is not permitted by applicable law, then any limitation period is extended to the maximum length permitted by applicable law.

Any notice or demand which the Bank may wish to give under this Guarantee may be personally served on the Guarantor or sent by ordinary mail or electronic mail to the last known address of the Guarantor. Any notice that is sent by ordinary mail shall be conclusively deemed to have been received on the fifth day following the day on which it is mailed. Any notice that is sent by electronic mail shall be conclusively deemed to have been received on the day it is sent.

If any provision of this Guarantee is determined by any court of competent jurisdiction to be invalid or unenforceable in any respect, such invalidity or unenforceability will not affect the validity or enforceability of the remaining provisions of this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of the Province of [Ontario] and the laws of Canada applicable therein.

Any word herein contained importing the singular number shall include the plural and any word importing a person shall include a corporation, partnership, firm and any other entity.

Subject to Section 17, this Guarantee constitutes the entire agreement between the Guarantor and the Bank with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto.

Each of the undersigned acknowledges receipt of a copy of this Guarantee.

IN WITNESS WHEREOF, each Guarantor has executed this Guarantee as of the date first written above.

1632032 ONTARIO LTD

Per: *Ilida Rites Ginjo*  
(authorized signature) ILDA RITES GINJO - PRESIDENT  
I have the authority to bind the corporation.

Per: \_\_\_\_\_  
(authorized signature)

*Rosetta Reade*  
Witness as to execution

Signature: *Rosetta Reade*  
Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_

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Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_







This Guarantee is made as of 16 April, 2014

Whereas the undersigned (each hereinafter referred to as the "Guarantor") has agreed to provide The Toronto-Dominion Bank (hereinafter referred to as the "Bank") with a guarantee of the Obligations (as hereinafter defined) of 1882540 ONTARIO INC (the "Customer");

And whereas the Guarantor has agreed that if the guarantee herein is not enforceable, the Guarantor will indemnify the Bank or be liable as primary obligor.

NOW THEREFORE, in consideration of the Bank dealing with the Customer now or in the future and/or for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor agrees with the Bank as follows:

1. Obligations Guaranteed

The Guarantor unconditionally and irrevocably guarantees payment of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred of the Customer to the Bank, whether arising from dealings between the Bank and the Customer or from other dealings or proceedings by which the Bank may be or become in any manner whatsoever a creditor of the Customer, in any currency, whether incurred by the Customer alone or jointly with another or others and whether as a indemnitor or surety, including interest thereon and all amounts owed by the Customer for fees, costs and expenses (collectively referred to as the "Obligations").

2. Extent of Guarantor's Liability

In no event shall the amount recoverable by the Bank from the Guarantor under this Guarantee exceed ~~Three Hundred Three Thousand~~ <sup>Two Hundred and Thirty Nine Thousand</sup> Dollars in lawful money of Canada (Cdn. ~~\$303,000.00~~ <sup>\$239,000.00</sup>), plus the costs and expenses of the Bank in enforcing this Guarantee and interest as provided in Section 7.

3. Indemnity/Primary Obligation

If (i) any Obligations are not duly paid by the Customer and are not recoverable under Section 1 for any reason, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Bank from and against all losses resulting from the failure of the Customer to pay such Obligations, and (ii) any Obligations are not duly paid by the Customer and are not recoverable under Section 1 or the Bank is not indemnified under clause (i) above of this Section 3, for any reason, such Obligations will, as a separate and distinct obligation, be paid by and recoverable from the Guarantor as primary obligor.

The liabilities of the Guarantor under Section 1 and each of clauses (i) and (ii) of this Section 3 are separate and distinct from each other, but the provisions of this Agreement shall apply to each of such liabilities unless the context otherwise requires.

4. Nature of Guarantor's Liability

The liability of the Guarantor under this Guarantee is continuing, absolute and unconditional and will not be affected by any act, omission, event or circumstance that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the liability of the Guarantor hereunder, other than as a result of the indefeasible payment in full of the Obligations, including:

- (a) the unenforceability of any of the Obligations for any reason, including as a result of the act of any governmental authority;
- (b) any irregularity, fraud, illegality, defect or lack of authority or formality in incurring the Obligations, notwithstanding any inquiry that may or may not have been made by the Bank;
- (c) failure of the Bank to comply with or perform any agreements relating to the Obligations;

- (d) any discontinuance, renewal, extension, increase, reduction or any other variance of any of the loans or credits made available to the Customer by the Bank or any change to any of the terms thereof or any waiver by the Bank of any of the obligations of the Customer thereunder;
- (e) the taking of or the failure by the Bank to take a guarantee from any other person;
- (f) any release, compromise, settlement or any other dealing with any person, including any other Guarantor;
- (g) the reorganization of the Customer or its business (whether by amalgamation, merger, transfer, sale or otherwise); and in the case of an amalgamation or merger, the liability of the Guarantor shall apply to the Obligations of the resulting or continuing entity and the term "Customer" shall include such resulting or continuing entity;
- (h) the current financial condition of the Customer and any change in the Customer's financial condition;
- (i) any change in control or ownership of the Customer, or if the Customer is a general or limited partnership, any change in the membership of that partnership or other entity;
- (j) any change in the name, articles or other constating documents of the Customer, or its objects, business or capital structure;
- (k) the bankruptcy, winding-up, dissolution, liquidation or insolvency of the Customer or any proceedings being taken by or against the Customer with respect thereto, and any stay of or moratorium on proceedings by the Bank against the Customer as a result thereof;
- (l) a breach of any duty of the Bank (whether fiduciary or in negligence or otherwise) and whether owed to the Guarantor, the Customer or any other person;
- (m) any lack or limitation of power, capacity or legal status of the Customer, or, if the Customer is an individual, the death of the Customer;
- (n) the Customer's account being closed or the Bank ceasing to deal with the Customer;
- (o) any taking or failure to take any security by the Bank, any loss of or diminution in value of any security, the invalidity, unenforceability, subordination, postponement, release, discharge or substitution, in whole or in part, of any security, or the failure to perfect or maintain perfection or enforce any security; or
- (p) any failure or delay by the Bank in exercising any right or remedy respecting the Obligations or under any security or guarantee.

## 5. Continuing Guarantee

The obligations of the Guarantor hereunder will constitute and be continuing obligations and will apply to and secure any ultimate balance due or remaining due to the Bank and will not be considered as wholly or partially satisfied by the payment or liquidation at any time of any sum of money for the time being due or remaining unpaid to the Bank. This Guarantee will continue to be effective even if at any time any payment of any of the Obligations is rendered unenforceable or is rescinded or must otherwise be returned by the Bank as a result of the occurrence of any action or event, including the insolvency, bankruptcy or reorganization of the Customer or the Guarantor, all as though such payment had not been made.

## 6. Demand for Payment

The Guarantor shall make payment to the Bank under this Guarantee immediately upon receipt of a written demand for payment from the Bank. If any Obligation is not paid by the Customer when due, the Bank may treat all Obligations as due and payable by the Customer and may demand immediate payment under this Guarantee of all or some of the Obligations whether such other Obligations would otherwise be due and payable by the Customer at such time or whether or not any demands, steps or proceedings have been made or taken by the Bank against the Customer or any other person respecting all or any of the Obligations. If any stay of or moratorium on proceedings by the Bank against the Customer is imposed in respect of any Obligation, the Bank may nevertheless demand immediate payment of such Obligation from the Guarantor as if such Obligation was due and payable by the Customer.

## 7. Interest

If the Guarantor does not make immediate payment in full of the Obligations when demand for payment has been made by the Bank, the Guarantor shall pay interest on any unpaid amount to the Bank at the highest rate of interest per annum that is charged on any Obligations for which payment has been demanded hereunder and which remain unpaid.

**8. State of Account**

The records of the Bank in respect of the Obligations will be prima facie evidence of the balance of the amount of the Obligations that are due and payable by the Customer to the Bank.

**9. Application of Moneys Received**

The Bank may, without notice and demand of any kind and at any time, apply any money received from the Guarantor, the Customer or any other person (including arising from any security that the Bank may from time to time hold) or any balance in any account of the Guarantor held at the Bank or any of the Bank's affiliates, to such part of the Obligations, whether due or to become due, as the Bank in its sole and absolute discretion considers appropriate, or may, in its sole and absolute discretion, refrain from applying any such money. The Bank may also revoke and alter any such application in whole or in part. If any amount that is to be applied is in a currency other than the currency of the Obligation to which such amount is to be applied, then the amount that is applied shall be converted from one currency to another using the rate of exchange for the conversion of such currency as determined by the Bank or its agents and the Bank or its agent may earn revenue on such conversion.

**10. No Set-off or Counterclaim**

The Guarantor will make all payments required to be made under this Guarantee without claiming or asserting any right of setoff or counterclaim that the Guarantor has or may have against the Customer or the Bank, all of which rights the Guarantor waives.

**11. Exhausting Recourse**

The Bank is not required to take any proceedings, exhaust its recourse against the Customer or any other Guarantor or person or under any security the Bank may from time to time hold, or take any other action, before being entitled to demand payment from the Guarantor under this Guarantee, and the Guarantor waives all benefits of discussion and division.

**12. No Representations**

There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth herein. The Bank will not be bound by any representations or promises made by Customer to the Guarantor and possession of this Guarantee by the Bank will be conclusive evidence against the Guarantor that this Guarantee was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with, and this Guarantee will be binding on each Guarantor who has signed this Guarantee notwithstanding the non-execution thereof by any proposed guarantor.

**13. Postponement and Assignment**

The Guarantor hereby postpones payment of all present and future debts and liabilities of the Customer to the Guarantor, and as security for payment of the Obligations, the Guarantor hereby assigns such debts and liabilities to the Bank and agrees that all moneys received from the Customer by or on behalf of the Guarantor shall be held in trust for the Bank and forthwith upon receipt paid over to the Bank, all without prejudice to and without in any way limiting or lessening the liability of the Guarantor to the Bank under this Guarantee. This assignment and postponement is independent of the guarantee, indemnity and primary obligor obligations contained in this Guarantee and will remain in full force and effect until, in the case of the assignment, the liability of the Guarantor under this Guarantee has been discharged or terminated and, in the case of the postponement, until all Obligations are performed and indefeasibly paid in full.

**14. Subrogation**

The Guarantor will not be entitled to be subrogated to the rights of the Bank against the Customer, to be indemnified by the Customer or to claim contribution from any other Guarantor until the Guarantor makes indefeasible payment to the Bank of all amounts owing by the Guarantor to the Bank under this Guarantee and the Obligations are indefeasibly paid in full.

**15. Bankruptcy of Customer**

Upon the bankruptcy or winding up or other distribution of assets of the Customer or of any surety or Guarantor for the Obligations, the Bank's rights shall not be affected by the Bank's failure to prove its claim and the Bank may prove such claim if and in any manner as it deems appropriate in its sole discretion. The Bank may value as it sees fit or refrain from valuing any security held by the Bank without in any way releasing, reducing or otherwise affecting the liability of the Guarantor to the Bank, and until all the Obligations of the Customer to the Bank have been indefeasibly paid in full, the Bank shall have the right to include in its claim the amount of all sums paid by the Guarantor to the Bank under this Guarantee and to prove and rank for and receive dividends in respect of such claim, any and all right to prove and rank for such sums paid by the Guarantor and to receive the full amount of all dividends in respect thereto being hereby assigned and transferred to the Bank.

**16. Costs and Expenses**

The Guarantor agrees to pay all costs and expenses, including legal fees, of enforcing this Guarantee including the charges and expenses of the Bank's in-house lawyers. The Guarantor will pay all legal fees on a solicitor and own client basis.

**17. Other Guarantees and Security**

The liability of the Guarantor under any other guarantee or guarantees given to the Bank in connection with the Obligations shall not be affected by this Guarantee, nor shall this Guarantee affect or be affected by the endorsement by the Guarantor of any note or notes of the Customer, the intention being that the liability of the Guarantor under such other guarantee or guarantees and this Guarantee, and under such other note or notes and this Guarantee, shall be cumulative. Nor shall the Bank be required to marshal in favour of the Guarantor other guarantees granted by other persons or any security, money or other property that the Bank may be entitled to receive or may have a claim upon.

**18. Amendment and Waivers**

No amendment to this Guarantee will be valid or binding unless set forth in writing and duly executed by the Guarantor and the Bank. No waiver by the Bank of any breach of any provision of this Guarantee will be effective or binding unless made in writing and signed by the Bank and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay in the exercise of any right or remedy by the Bank shall operate as a waiver thereof. No failure to exercise a right or remedy or partial exercise of a right or remedy by the Bank shall preclude other or further exercise thereof or the exercise of any other right or remedy by the Bank.

**19. Discharge**

The Guarantor will not be released or discharged from its obligations hereunder except by a written release or discharge signed by the Bank.

**20. General**

This Guarantee shall be binding on the successors of the Guarantor or, if the Guarantor is an individual, the heirs, executors, administrators and other legal representatives of the Guarantor, and shall enure to the benefit of the successors and assigns of the Bank.

If more than one Guarantor has signed this Guarantee, each Guarantor shall be jointly and severally liable under this Guarantee.

To the extent that any limitation period applies to any claim for payment hereunder of the Obligations or remedy for the enforcement of such payment, the Guarantor agrees that any such limitation period is excluded or waived, but if such exclusion and waiver is not permitted by applicable law, then any limitation period is extended to the maximum length permitted by applicable law.

Any notice or demand which the Bank may wish to give under this Guarantee may be personally served on the Guarantor or sent by ordinary mail or electronic mail to the last known address of the Guarantor. Any notice that is sent by ordinary mail shall be conclusively deemed to have been received on the fifth day following the day on which it is mailed. Any notice that is sent by electronic mail shall be conclusively deemed to have been received on the day it is sent.

If any provision of this Guarantee is determined by any court of competent jurisdiction to be invalid or unenforceable in any respect, such invalidity or unenforceability will not affect the validity or enforceability of the remaining provisions of this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of the Province of [Ontario] and the laws of Canada applicable therein.

Any word herein contained importing the singular number shall include the plural and any word importing a person shall include a corporation, partnership, firm and any other entity.

Subject to Section 17, this Guarantee constitutes the entire agreement between the Guarantor and the Bank with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties with respect thereto.

Each of the undersigned acknowledges receipt of a copy of this Guarantee.

IN WITNESS WHEREOF, each Guarantor has executed this Guarantee as of the date first written above.

1632032 ONTARIO LTD

Per: *Ilida Rites Ginjo*  
(authorized signature) ILDA RITES GINJO - PRESIDENT  
I have the authority to bind the corporation.

Per: \_\_\_\_\_  
(authorized signature)

\_\_\_\_\_  
Witness as to execution

- Signature: \_\_\_\_\_
- Name: \_\_\_\_\_
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☐: The Toronto-Dominion Bank (the "Bank")

Branch of the Bank: 2 St. Clair Avenue East, Toronto, Ontario, M4T 2V4 (Branch 1968)

Granted By: 1632032 ONTARIO LTD

(the "Grantor")

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor agrees with the Bank as follows:

### 1. Security Interest

The Grantor hereby grants to the Bank a security interest in, and assigns (other than with respect to trade-marks), mortgages, charges and pledges (collectively, the "Security Interest") to the Bank, all property of the Grantor, including all property of the kind hereinafter described below, in which the Grantor now has, or hereafter acquires, any right, title or interest, and accretions and accessions thereto (collectively called the "Collateral"):

- (a) **Intangibles.** All intangible property not otherwise described in this Section 1, including all contractual rights and insurance claims, options, permits, licences, quotas, subsidies, franchises, orders, judgments, patents, trademarks, trade names, trade secrets and know-how, inventions, goodwill, copyrights and other intellectual property of the Grantor, including any right or licence to use intellectual property belonging to a third party (collectively called "Intangibles");
- (b) **Chattel Paper and Documents of Title.** All chattel paper and all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (c) **Deposits and Credit Balances.** All monies and credit balances, including interest due thereon, which are now or may hereafter from time to time be on deposit with or standing to the credit of the Grantor with the Bank or any other bank, financial institution or other Person;
- (d) **Books and Records.** All deeds, documents, writings, papers, books of account and other books and records in any form, electronic or otherwise, relating to or evidencing any of the Collateral;
- (e) **Accounts and Book Debts.** All debts, accounts, claims and choses in action for moneys now due or owing or accruing due or which may hereafter become due or owing to the Grantor, including claims against the Crown in right of Canada or of any province, moneys which may become payable under any policy of insurance (collectively called "Accounts and Book Debts"), together with all contracts, securities, bills, notes, lien notes, judgments, mortgages, letters of credit and advices of credit, and all other rights, benefits and documents which are now or which may be taken, vested in or held by the Grantor in respect of or as security for the Accounts and Book Debts or any part thereof, and the full benefit and advantage thereof and all rights of actions, claims or demands which the Grantor now has or may hereafter have in respect of the foregoing;
- (f) **Equipment.** All tools, machinery, apparatus, equipment, vehicles, furniture, plants, fixtures, and other tangible personal property, other than Inventory, wherever situate, including the assets, if any, described in Schedule "A" hereto (collectively called "Equipment");
- (g) **Inventory.** All goods forming the inventory of the Grantor, of whatever kind and wherever located, whether raw material, work in process or finished goods held for sale, lease or resale, or furnished or to be furnished under contracts for service or used or consumed in the business of the Grantor, goods used in or procured for packing or packaging, timber cut or to be cut, oil, gas and minerals extracted or to be extracted, all livestock and the young thereof after conception and all crops which become such within one year after the date of execution of this Agreement (collectively called "Inventory");
- (h) **Instruments.** All bills, notes, cheques, letters of credit and other instruments, whether negotiable or not (collectively called "Instruments");
- (i) **Securities.** All shares, stocks, warrants, options, bonds, debentures, debenture stock and all other securities and investment property of any kind and all instruments, whether negotiable or non-negotiable, and interest thereon and dividends, whether in shares, money or property, received or receivable upon or in respect of any securities and other investment property and all money or other property paid or payable on account of any return on, or repayment of, capital in respect of any securities or otherwise distributed or distributable in respect thereof or that will in any way be charged to, or be payable out of or in respect of, the capital of the issuer of the securities (collectively called "Securities");
- (j) **Real Property.** All real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively called "Real Property"), and all rights under any lease or agreement relating to Real Property;



- (k) **Proceeds.** All proceeds of the property described above, including any property in any form derived directly or indirectly from any use or dealing with the property described above or the proceeds therefrom or that indemnifies or compensates for damage or loss to such property or the proceeds therefrom, including the money held in banks, financial institutions or any other Person (collectively called "Proceeds");

provided that (i) the Security Interest does not and will not extend to, and the Collateral will not include, any agreement, lease, right, franchise, licence or it (the "contractual rights") to which the Grantor is a party or of which the Grantor has the benefit, to the extent that the Security Interest would permit any person to terminate the contractual rights unless the consent of one or more Persons has been obtained and until such consent has been obtained, which the Grantor agrees it will use commercially reasonable efforts to obtain if requested by the Bank, the Grantor agrees to hold its interest therein in trust for the Bank, and notwithstanding the foregoing, contractual rights shall not include any account or chattel paper; and (ii) with respect to Real Property, (A) the Security Interest granted hereby is constituted by way of a floating charge, but will become a fixed charge upon the earlier of the Obligations becoming immediately payable, and the occurrence of any other event that by operation of law would result in such floating charge becoming a fixed charge; and (B) the assignment, mortgage and charge granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Grantor will hold such last day in trust for the Bank and, upon the enforcement by the Bank of its Security Interest, will assign such last day as directed by the Bank.

## 2. Obligations Secured

The Security Interest secures the payment and performance of all present and future obligations of the Grantor to the Bank, including all debts and liabilities, direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred, whether incurred before, at the time of, or after the execution of this Agreement, whether the indebtedness and liability is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether arising from dealings between the Bank and the Grantor or from other dealings or proceedings by which the Bank may be or become in any manner whatsoever a creditor of the Grantor, and in any currency, whether incurred by the Grantor alone or with another or others and whether as a principal or surety, including all interest thereon and all amounts owed by the Grantor under this Agreement for fees, costs and expenses and in respect of indemnities granted under this Agreement (collectively called the "Obligations").

## 3. Definitions

- (a) Any word or term that is not otherwise defined in this Agreement shall have the meaning given to it in the *Personal Property Security Act* of the province in which the Branch of the Bank is located, as amended from time to time, and being referred to in this Agreement as the "PPSA". Any reference herein to "Collateral" shall, unless the context requires otherwise, be deemed to be a reference to "Collateral or any part thereof".
- (b) The following terms shall have the respective meanings set out below:

*"Branch of the Bank"* means the branch of the Bank located at the address specified above.

*"Business Day"* means any day other than a Saturday, Sunday or statutory holiday in the province in which the Branch of the Bank is located.

*"Control Agreement"* means:

- (a) with respect to any uncertificated security, an agreement between the issuer of such uncertificated security and any Person whereby such issuer agrees to comply with instructions that are originated by such Person in respect of such uncertificated security, without the further consent of the Grantor; and
- (b) with respect to any securities account or security entitlement, an agreement between the securities intermediary which maintains the particular securities account to which security entitlements included in the Collateral relate and any Person whereby such securities intermediary agrees to comply with any entitlement orders with respect to such securities accounts or security entitlements that are originated by such Person, without the further consent of the Grantor.

*"Person"* means any individual, sole proprietorship, joint venture, partnership, corporation, company, firm, association, co-operative, estate, government, government agency, regulatory authority, trust, or any entity of any nature.

## 4. Representations & Warranties

The Grantor hereby represents and warrants with the Bank and so long as this Agreement remains in effect shall be deemed to continuously represent and warrant that:

- (a) **Location of Head Office.** The address of the Grantor's chief executive office and the office where it keeps its records respecting the Accounts and Book Debts (the "Head Office") is set out below the name of the Grantor on the signature page of this Agreement;

- (b) **Location of Collateral.** The Collateral which is goods is or will be located at the address set out on the signature page of this Agreement or at the locations specified in Schedule "A" hereto or such other locations as have been agreed to by the Bank in writing, except for (i) goods in transit to such locations and (ii) Inventory on lease or consignment, but including all fixtures, crops, oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral;
- (c) **Collateral Free and Clear.** The Collateral (other than Real Property) is the sole property of the Grantor free and clear of all security interests, liens, charges, mortgages, hypothecs, leases, licenses, infringements by third parties, encumbrances, statutory liens or trusts, other adverse claims or interests, or any rights of others, except for those security interests which are expressly approved by the Bank in writing prior to their creation or assumption;
- (d) **Amount of Accounts.** Each Account and Book Debt, Chattel Paper and Instrument constituting Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor") and the amount represented by the Grantor to the Bank from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount unconditionally owing by such Account Debtor or Account Debtors, and no Account Debtor will have any defence, set-off, claim or counterclaim against the Grantor which can be asserted against the Bank, whether in any proceeding to enforce Collateral or otherwise;
- (e) **Status and Binding Obligation.** The Grantor (i) if a corporation or company, has been duly incorporated, amalgamated or continued, as the case may be, and is validly existing as a corporation or company, as the case may be, under the laws of its jurisdiction of incorporation, amalgamation or continuance, as the case may be, (ii) if not a corporation or company, has been duly created or established as a partnership, limited partnership or other entity and validly exists under the laws of the jurisdiction in which it has been created or established, and (iii) is duly qualified to carry on business and own property in each jurisdiction where it carries on business or where any of its property is located. The Grantor has adequate power, capacity and authority to carry on its business, own property, borrow monies and enter into agreements therefor, execute and deliver this Agreement, and perform its obligations under this Agreement, which Agreement constitutes a legally valid and binding obligation of the Grantor enforceable in accordance with its terms. The making of this Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Grantor pursuant to any agreement, indenture or other instrument to which the Grantor is a party or by which the Grantor or any of its property may be bound or affected; and
- (f) **Intellectual Property.** All intellectual property applications and registrations are valid, subsisting, unexpired, enforceable, in good standing and have not been abandoned and the Grantor is the owner of the applications and registrations.

## 5. Covenants

The Grantor covenants and agrees with the Bank that:

- (a) **Place of Business and Location of Collateral.** The Grantor shall not change its name or the location of its Head Office, amalgamate with any other Person, or move any of the Collateral from the address set out on the signature page of this Agreement or the locations specified in Schedule "A" hereto other than in accordance with clause 5(g), without the prior written consent of the Bank;
- (b) **Notification.** The Grantor shall notify the Bank promptly of: (i) any change in the information contained herein or in Schedule "A" hereto relating to the Grantor, the Grantor's business or Collateral; (ii) the details of any significant acquisition of Collateral; (iii) the details of any claims or litigation affecting the Grantor or the Collateral and will furnish the Bank with copies of the details of such claims or litigation; (iv) any loss or damage to Collateral or any material adverse change in the value of Collateral; and (v) any default by any Account Debtor in payment or other performance of its obligations with respect to Collateral;
- (c) **Performance of Obligations.** The Grantor shall observe and perform all its obligations under all material leases, licenses, undertakings and agreements to which it is a party, obtain and preserve its rights, powers, licences, privileges, franchises and goodwill thereunder, and comply with all applicable laws, by-laws, rules, regulations and ordinances in a proper and efficient manner so as to preserve and protect the Collateral and the business and undertaking of the Grantor in all material respects. The Grantor shall also pay all rents, taxes, rates, levies, assessments and government fees or dues levied, assessed or imposed in respect of the Collateral and other charges or any part thereof as and when the same become due and payable, and shall provide to the Bank, when requested, the receipts and vouchers evidencing payment;
- (d) **Limitations on Discounts, Extensions of Accounts and Compromises.** The Grantor shall not grant any extension of time for payment of any Accounts or Book Debts, or compromise, compound or settle any Accounts or Book Debts for less than the full amount, or release, wholly or partially, any Person liable for the payment of any Accounts or Book Debts, or allow any credit or discount of any Account or Book Debt, other than in the ordinary course of business of the Grantor and consistent with industry practices;

- (e) **Payment of Fees and Expenses.** The Grantor will pay the Bank on demand all costs, fees and expenses (including legal fees on a solicitor and his own client basis) incurred by the Bank in the preparation, execution, registration and perfection of this Agreement and the carrying out of any of the provisions of this Agreement, including, protecting and preserving the Security Interest and enforcing by legal process or otherwise the remedies provided herein. All such costs and expenses payable by the Grantor to the Bank shall bear interest from time to time at the highest interest rate then applicable to any of the Obligations, calculated and compounded monthly, and shall be added to and form part of the Obligations secured hereunder;
- (f) **Maintenance and Protection of Collateral/No Fixtures.** The Grantor shall care for, protect and preserve the Collateral and not permit its value to be impaired and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Bank. The Grantor shall keep the Collateral in good order, condition and repair and shall not use the Collateral in violation of the provisions of this Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance. The Grantor will keep all licences, permits, agreements, registrations and applications relating to intellectual property used by Grantor in its business in good standing, unless otherwise agreed to in writing by the Bank. The Grantor shall apply to register all existing and future copyrights, trade-marks, patents, integrated circuit topographies and industrial designs whenever it is commercially reasonable to do so. The Grantor shall defend title to the Collateral against all claims and demands of all other Persons claiming the same or an interest therein and shall diligently initiate and prosecute legal action against every Person who infringes upon the Grantor's rights in intellectual property;
- (g) **Dealing with Collateral.** (i) The Grantor will not sell, lease, transfer, assign, deliver or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Bank, except that the Grantor may, until an event of default as hereinafter provided occurs, deal with any Inventory or Real Property (other than fixtures financed by the Bank and any replacements or substitutions therefor) in the ordinary course of business so that the purchaser thereof takes title thereto free and clear of the Security Interest; (ii) All Proceeds shall continue to be subject to the Security Interest, granted hereby and all money received by the Grantor as Proceeds, other than from the sale of Inventory, shall be received as trustee for the Bank and shall be held separate and apart from other money of the Grantor, and shall be paid over to the Bank upon request; (iii) All money collected or received by the Bank in respect of the Collateral may be applied on account of such parts of the Obligations as the Bank in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Bank may be released to the Grantor, all without prejudice to the Bank's rights against the Grantor; (iv) Before an event of default occurs hereunder, the Bank may give notice of this Agreement and the Security Interest to any Account Debtor who is obligated to the Grantor under any of the Accounts and Book Debts and, after the occurrence of an event of default hereunder, may give notice to any such Account Debtor to make all further payments to the Bank, and any payment or other Proceeds received by the Grantor from an Account Debtor after an event of default whether before or after any notice is given by the Bank, shall be held by the Grantor in trust for the Bank and paid over to the Bank on request. The Bank shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Bank may consider appropriate and the Grantor agrees to furnish all assistance and information and to perform all such acts as the Bank may reasonably request in connection therewith and for such purpose to grant to the Bank or its agents access to all places where Collateral may be located and to all premises occupied by the Grantor;
- (h) **Maintenance of Records.** The Grantor will keep proper books of account in accordance with sound accounting practice and mark any and all such records and the Collateral at the Bank's request so as to indicate the Security Interest. The Grantor shall furnish to the Bank such financial information and statements and such information and statements relating to the Collateral as the Bank may from time to time require and shall permit the Bank or its agents at any time at the expense of the Grantor to examine the books of account and other financial records and reports relating to the Collateral and to make copies thereof and take extracts therefrom and to make inquiries of third parties for the purpose of verification of such information. The Grantor authorizes any Person holding any Books and Records to make them available, in a readable form, upon the request of the Bank. The Grantor will deliver to the Bank any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to Collateral;
- (i) **Negative Pledge.** The Grantor will not create, incur, assume or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, hypothec, encumbrance or statutory lien or trust (including any conditional sale, or other title retention agreement or finance lease) of any nature, on any of the Collateral (other than Real Property, but not including any fixtures financed by the Bank and any replacements or substitutions therefor) without the express prior written consent of the Bank;
- (j) **Insurance.** The Grantor will keep the Collateral insured under policies with such coverage, for such amounts and with such insurers as are satisfactory to the Bank from time to time, with loss thereunder, payable to the Bank and shall furnish the Bank with a copy of any policy of insurance, certificate of insurance or other evidence satisfactory to the Bank that such insurance coverage is in effect;
- (k) **Further Assurances.** The Grantor will from time to time forthwith, at the expense of the Grantor, duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Bank may request for the purpose of obtaining or preserving the benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Collateral) and for the purpose of correcting any deficiencies or clerical errors in this Agreement; and

- (l) **Landlord Agreement.** The Grantor will, at the request of the Bank, obtain a written agreement from each landlord of premises where any of the Collateral is located, in favour of the Bank and in form and substance satisfactory to the Bank, whereby such landlord agrees to give notice to the Bank of any default by the Grantor under the lease and a reasonable opportunity to cure such default prior to the exercise of any remedies by the landlord and acknowledges the Security Interest created by this Agreement and the right of the Bank to enforce the Security Interest created by this Agreement in priority to any claim of such landlord, including the right of the landlord to distrain on the Collateral for arrears of rent.

## 6. **Survival of Representations and Warranties and Covenants**

All agreements, representations, warranties and covenants made by the Grantor in this Agreement are material, will be considered to have been relied on by the Bank and will survive the execution and delivery of this Agreement or any investigation made at any time by or on behalf of the Bank and any disposition or payment of the Obligations until the indefeasible repayment and performance in full of the Obligations.

## 7. **Performance of Covenants by The Bank**

- (a) The Bank may, in its sole discretion and upon notice to the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform including any covenant the performance of which requires the payment of money, provided that the Bank will not be obligated to perform such covenant on behalf of the Grantor. The performance by the Bank of any such covenant shall not oblige the Bank to continue to perform any such covenant or other covenants nor relieve the Grantor from any default or derogate from the rights and remedies of the Bank under this Agreement. The Grantor agrees to indemnify and to reimburse the Bank for all costs and expenses incurred by the Bank in connection with the performance by it of any such covenant, and all such costs and expenses shall be payable by the Grantor to the Bank on demand, shall bear interest at the highest rate per annum applicable to any of the Obligations, calculated and compounded monthly, and shall be added to and form part of the Obligations.
- (b) In holding any Collateral, the Bank and any agent or nominee on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own or of similar value held in the same or similar location. The Bank and any agent or nominee on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Grantor reasonably requests in writing, but failure of the Bank or its nominees to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

## **Securities, Investment Property**

If Collateral at any time includes Securities, the Grantor authorizes the Bank to transfer all or any of such Securities into its own name or that of its nominee(s) so that the Bank or its nominee(s) may appear on record as the sole owner thereof; provided that, until default, the Bank shall deliver promptly to the Grantor all notices or other communications received by it or its nominee(s) as such registered owner and, upon demand and receipt of payment of any necessary expenses thereof, shall issue to the Grantor or its order a proxy to vote and take all action with respect to such Securities. After default, the Grantor waives all rights to receive any notices or communications received by the Bank or its nominee(s) as such registered owner and agrees that no proxy issued by the Bank to the Grantor or its order as aforesaid shall thereafter be effective.

Where any Investment Property is held in or credited to an account that has been established with a securities intermediary, the Bank may, at any time give a notice of exclusive control to any such securities intermediary with respect to such Investment Property.

The Grantor has not consented to and covenants that it will not consent to, the entering into of a Control Agreement by: (a) any issuer of any uncertificated securities included in or relating to the Collateral; or (b) any securities intermediary for any securities accounts or security entitlements included in or relating to the Collateral, other than, in either case, a Control Agreement to which the Bank is a party.

Promptly upon request from time to time by the Bank, the Grantor shall:

- (a) enter into and use reasonable commercial efforts to cause any securities intermediary for any securities accounts or securities entitlements included in or relating to the Collateral to enter into a Control Agreement with the Bank with respect to such securities accounts or securities entitlements as the Bank requires in form and substance satisfactory to the Bank; and
- (b) enter into and use reasonable commercial efforts to cause any issuer of any uncertificated securities included in or relating to the Collateral to enter into a Control Agreement with the Bank with respect to such uncertificated securities in form and substance satisfactory to the Bank.

## **Dealing with Security Interest**

The Bank may grant extensions of time and other indulgences, give up any of the Security Interest, abstain from perfecting any of the Security Interest, accept compositions, grant releases and discharges and waive rights against and otherwise deal with the Grantor, Account Debtors of the Grantor, sureties and others and with any of the Collateral and any other security as the Bank may see fit without prejudice to the liability of the Grantor or the Bank's right to hold and realize any of the Security Interest. The Bank shall not be accountable to the Grantor for the value of any of the Security Interest released except for any moneys actually received by the Bank.

## 10. Deposits and Credit Balances

Without limiting any other rights or remedies of the Bank, the Bank may, without notice to the Grantor or any other Person, any notice being expressly waived by the Grantor, set-off and apply all or any of the amounts standing to or for the credit of the Grantor at the Bank or any of the Bank's affiliates, in any currency, against and on account of all or any part of the Obligations, all as the Bank may see fit, whether or not the Obligations or the amounts standing to or for the credit of the Grantor are due and payable. The Bank is authorized and shall be entitled to make such debits, credits, correcting entries, and other entries to the Grantor's accounts and the Bank's records relating to the Grantor as the Bank regards as desirable in order to give effect to the Bank's rights hereunder and the Grantor agrees to be bound by such entries absent manifest error. When applying a deposit or other obligation in a different currency than the Obligations to the Obligations, the Bank will convert the deposit or other obligation to the currency of the Obligations using the rate of exchange for the conversion of such currency as determined by the Bank or its agents and the Bank or its agent may earn revenue on such conversion.

## 11. Events of Default

Obligations not payable on demand shall, at the option of the Bank, become immediately due and payable upon the occurrence of one or more of the following events (each, an "event of default"):

- (a) the Grantor fails to pay when due, whether by acceleration or otherwise, any of the Obligations;
- (b) the Grantor fails to perform any provision of this Agreement or of any other agreement to which the Grantor and the Bank are parties;
- (c) if any certificate, statement, representation, warranty, audit report or financial statement heretofore or hereafter furnished by or on behalf of the Grantor pursuant to or in connection with this Agreement, or as an inducement to the Bank to extend any credit to or to enter into this or any other agreement with the Grantor, is shown to have been false in any material respect or to have omitted any material fact; or if upon the date of execution of this Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty, audit report or financial statement, which change shall not have been disclosed to the Bank at or prior to the time of such execution;
- (d) the Grantor ceases or threatens to cease to carry on business, commits an act of bankruptcy, becomes insolvent, proceedings or other actions are taken by or against the Grantor under the *Bankruptcy and Insolvency Act (Canada)*, the *Companies' Creditors Arrangement Act (Canada)* or similar legislation whether in Canada or elsewhere, or the Grantor transfers all or substantially all of its assets to another Person;
- (e) a receiver, trustee, custodian or other similar official is appointed in respect of the Grantor or any of the Grantor's property;
- (f) the institution by or against the Grantor of any formal or informal proceeding for the dissolution or liquidation or settlement of claims against or winding up of affairs of the Grantor;
- (g) an encumbrancer takes possession of any of the Collateral or any process of execution or distress is levied or enforced upon or against any of the Collateral;
- (h) any indebtedness or liability of the Grantor, other than to the Bank, becomes due and payable, or capable of being declared due and payable, before the stated maturity thereof or any such indebtedness or liability shall not be paid at the maturity thereof or upon the expiration of any stated applicable grace period thereof, or the Grantor fails to make payment when due under any guarantee given by the Grantor;
- (i) if the Grantor is an individual, the Grantor dies or is found by a court to be incapable of managing his or her affairs;
- (j) an execution or any other process of any court shall become enforceable against the Grantor;
- (k) if the Grantor is a partnership, the death of a partner; or
- (l) any other event which causes the Bank, in good faith, to deem itself insecure;

and the Bank shall not be required to make any further advances or other extension of credit that constitutes an Obligation.

## 12. Remedies

- (a) Upon the occurrence of an event of default that has not been cured or waived, the Bank, in addition to any right or remedy otherwise provided herein or by law, will have the rights and remedies set out below, which may be enforced successively or concurrently:
  - (i) to take such steps as the Bank considers desirable to maintain, preserve or protect the Collateral or its value;

- (ii) to take possession of the Collateral and require the Grantor to assemble the Collateral and deliver or make the Collateral available to the Bank at such place as may be specified by the Bank, and the Bank will not be or be deemed to be a mortgagee in possession by virtue of any such actions;
  - (iii) to exercise and enforce all rights and remedies of the Grantor with respect to the Collateral, including collecting and realizing upon all Accounts and Book Debts;
  - (iv) to carry on or concur in carrying on all or any part of the business of the Grantor;
  - (v) for the maintenance, preservation or protection of the Collateral or for carrying on any of the business of the Grantor, to borrow money on the security of the Collateral, which security will rank in priority to the Security Interest, or on an unsecured basis;
  - (vi) to the exclusion of all others, including the Grantor, to enter upon, occupy and use all or any of the premises, buildings and plants owned or occupied by the Grantor and use all or any of the Collateral of the Grantor for such time as the Bank requires to facilitate the preservation and realization of the Collateral, free of charge, and the Bank will not be liable to the Grantor for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions;
  - (vii) to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of the Collateral upon such terms and conditions as the Bank may determine;
  - (viii) to dispose of any of the Collateral in the condition in which it was at the date possession of it was taken, or after any commercially reasonable repair, processing or preparation thereof for disposition;
  - (ix) if any part of the Collateral is perishable or will decline speedily in value, to sell or otherwise dispose of same without giving any notice of such disposition;
  - (x) to make any arrangement or compromise which the Bank shall think expedient in the interests of the Bank, including compromising any Accounts and Book Debts, and giving time for payment thereof with or without security;
  - (xi) to appoint a consultant or monitor, at the Grantor's expense, to evaluate the Grantor's business and the value of the Collateral, and to review the options available to the Bank; and
  - (xii) to appoint or reappoint by instrument in writing any person or persons, whether an officer or officers or employee or employees of the Bank or not, to be a receiver or receivers or a receiver and manager of the Collateral and remove or replace any person or persons so appointed or apply to any court for the appointment of a receiver or receiver and manager (each hereinafter called a "Receiver").
- (b) Any Receiver so appointed shall be deemed to be the agent of the Grantor and not the Bank, and the Grantor and not the Bank, shall be solely responsible for the Receiver's acts or defaults and for the Receiver's remuneration and expenses. The Bank shall not be in any way responsible for any misconduct, negligence or failure to act on the part of any such Receiver, its servants, agents or employees.
- (c) The Grantor agrees to pay all costs, charges and expenses incurred by the Bank or any Receiver appointed by the Bank, whether directly or for services rendered (including reasonable legal and auditors' costs and expenses and Receiver remuneration), in operating the Grantor's accounts, in preparing or enforcing this Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for disposition and disposing of Collateral and in enforcing or collecting the Obligations, and all such costs, charges and expenses, together with any amounts owing as a result of any borrowing by the Bank or any Receiver appointed by the Bank, as permitted hereby, shall be a first charge on the Collateral and shall be secured hereby.
- (d) The Bank will give the Grantor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the PPSA.
- (e) Upon default and receiving written demand from the Bank, the Grantor agrees to take such further action as may be necessary to evidence and effect an assignment or licensing of intellectual property to whomever the Bank directs, including to the Bank. The Grantor appoints any officer or employee of the Bank to be its attorney in accordance with applicable legislation with full power of substitution, to do on the Grantor's behalf anything that is required to assign, license or transfer, and to record any assignment, license or transfer of the Collateral. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.
- (f) The Grantor authorizes the Bank to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying any Collateral or identifying the locations at which the Collateral is located and correcting any clerical errors or deficiencies in this Agreement) as the Bank may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve Collateral and to realize upon the Security Interest. The Grantor hereby irrevocably constitutes and appoints the Bank and any of its officers or employees from time to time as the true and lawful attorney of the Grantor, with full power of substitution, to do any of the foregoing in the name of the Grantor whenever and wherever it may be deemed necessary or

expedient. This power of attorney, which is coupled with an interest, is irrevocable until the release or discharge of the Security Interest.

If the disposition of the Collateral fails to satisfy the Obligations secured by this Agreement including the expenses incurred by the Bank in connection with the preservation and realization of the Collateral as described above, the Grantor shall be liable to pay any deficiency to the Bank forthwith on demand.

### 13. Environmental License and Indemnity

The Grantor hereby grants to the Bank and its officers, employees and agents an irrevocable and non-exclusive license, subject to the rights of tenants, to enter any Real Property to conduct investigations, inspections, audits, testing and monitoring with respect to any contaminants or hazardous substances and to remove and analyze samples of any contaminants or hazardous substances at the cost and expense of the Grantor (which cost and expense will form part of the Obligations and will be payable immediately on demand and secured hereby). The Grantor hereby indemnifies and will indemnify the Bank and agrees to hold the Bank harmless against and from all losses, fines, penalties, costs, damages and expenses which the Bank may sustain, incur or be held to be or for which it may become liable, at any time whatsoever for or by reason of or arising from the past, present or future presence of or, clean-up, removal or disposal of any contaminants or hazardous substances from, on, under or adjacent to any Real Property owned by the Grantor or which may become owned or occupied by the Bank or as a result of the Bank's compliance with environmental laws or environmental orders relating thereto, including any clean-up, decommissioning, restoration or remediation of any Real Property owned or occupied by the Grantor or other affected or adjacent lands or property. This indemnification will survive the satisfaction, release or extinguishment of the Obligations created hereby

### 14. Miscellaneous

- (a) **Interpretation.** The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement (including any schedule now or hereafter annexed hereto) and not to any particular Section or other portion hereof. Unless otherwise specified, any reference herein to a Section or Schedule refers to the specified Section of or Schedule to this Agreement. In this Agreement: (i) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa; (ii) the words "include", "includes" and "including" mean "include", "includes" or "including", in each case, "without limitation"; (iii) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time; (iv) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and (v) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.
- (b) **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. In any action brought by an assignee of this Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Grantor shall not assert against the assignee any claim or defence which the Grantor now has or hereafter may have against the Bank.
- (c) **Amalgamation.** The Grantor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "Grantor" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby (i) shall extend to "Collateral" (as that term is herein defined) in which any amalgamating company has any rights at the time of amalgamation and to any "Collateral" in which the amalgamated company thereafter has any rights, and (ii) shall secure the "Obligations" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to the Bank at the time of amalgamation and any "Obligations" of the amalgamated company to the Bank thereafter arising.
- (d) **Joint and Several.** If there is more than one Grantor named herein, the term "Grantor" shall mean all and each of them, their obligations under this Agreement shall be joint and several, the Obligations shall include those of all or any one of them and no Grantor shall have the right of subrogation, exoneration, reimbursement or indemnity whatsoever and no right of recourse to the Collateral for the Obligations hereunder unless and until all of the Obligations have been paid or performed in full, notwithstanding any change for any cause or in any manner whatsoever in the composition of or membership of any firm or company which is a party hereto.
- (e) **Attachment of Security Interest.** The Grantor acknowledges that value has been given and that the Security Interest granted hereby will attach when the Grantor signs this Agreement and will attach to Collateral in which the Grantor subsequently acquires any rights, immediately upon the Grantor acquiring such rights. The parties do not intend to postpone the attachment of any Security Interest created by this Agreement.


- (f) **No Obligation to Advance.** Neither the execution of this Agreement nor any advance of funds shall oblige the Bank to advance any funds or any additional funds or enter into any transaction or renew any note or extend any time for payment of any of the Obligations of the Grantor to the Bank.
- (g) **Information.** The Bank may provide any financial and other information it has about the Grantor, the Security Interest and the Collateral to any one acquiring or who may acquire an interest in the Security Interest or the Collateral from the Bank or anyone acting on behalf of the Bank.
- (h) **Assignment.** The Bank may assign or transfer any of its rights under this Agreement without the consent of the Grantor. The Grantor may not assign its obligations under this Agreement without the prior written consent of the Bank.
- (i) **Amendment.** Subject to Section 12(f) of this Agreement, no amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No course of conduct by the Bank will be deemed to result in an amendment of this Agreement.
- (j) **Term.** This Agreement shall be a continuing agreement in every respect for the payment of the Obligations and it shall remain in full force and effect until all of the Obligations shall be indefeasibly paid in full or discharged by the Bank and until the Bank shall no longer have any commitment to the Grantor or any other Person, the fulfillment of which, might result in the creation of Obligations of the Grantor.
- (k) **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable in any respect, such invalidity or unenforceability will not affect the validity or enforceability of the remaining provisions of this Agreement.
- (l) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the jurisdiction where the Branch of the Bank is located.
- (m) **Waiver by the Bank.** No delay or omission by the Bank in exercising any right or remedy hereunder or with respect to any Obligations shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or of any other right or remedy. Furthermore, the Bank may remedy any default by the Grantor hereunder or with respect to any Obligations in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Grantor. No course of conduct of the Bank will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement or the Bank's rights hereunder. All rights and remedies of the Bank granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.
- (n) **Waiver by the Grantor.** The Grantor waives protest of any Instrument constituting Collateral at any time held by the Bank on which the Grantor is in any way liable and, subject to clause 12(d) hereof, notice of any other action taken by the Bank.
- (o) **Non-Substitution.** The Security Interest is in addition to and not in substitution for any other security now or hereafter held by the Bank.
- (p) **Entire Agreement.** This Agreement including any schedule now or hereafter annexed hereto, constitutes the entire agreement between the Grantor and the Bank with respect to the subject matter hereof. There are no representations, warranties, terms and conditions, undertakings or collateral agreements, express, implied or statutory, between the parties except as expressly set forth in this Agreement.
- (q) **Acknowledgment.** The Grantor acknowledges receipt of a fully executed copy of this Agreement and, to the extent permitted by applicable law, waives the right to receive a copy of any financing statement, financing change statement or verification statement in respect of any registered financing statement or financing change statement prepared, registered or issued in connection with this Agreement.



(r) Execution. The Grantor agrees that this Agreement may be executed electronically and in counterparts.

IN WITNESS WHEREOF the Grantor has executed this Agreement this 8<sup>th</sup> day of April, 2014

1632032 ONTARIO LTD

Per:   
(authorized signature) ILDA RITES GINJO - PRESIDENT  
I have the authority to bind the corporation.

Per: \_\_\_\_\_  
(authorized signature)

Signature: \_\_\_\_\_

Name: \_\_\_\_\_  
1444 DUPONT ST  
UNIT 11,  
TORONTO, ON M6P 4H3

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

[Address of Grantor]

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

[Address of Grantor]

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

[Address of Grantor]

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

[Address of Grantor]

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

[Address of Grantor]

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

[Address of Grantor]

Witness as to execution \_\_\_\_\_

SCHEDULE "A"

DESCRIPTION OF EQUIPMENT/SERIAL NUMBERED GOODS

QUANTITY

DESCRIPTION

SERIAL NUMBER

LOCATION OF COLLATERAL

The Collateral is now and will hereafter be located at the following address(es) (include Street/Town/City and Province):

1444 Dupont Street, Unit 11, Toronto, Ontario and 4000 Steeles Avenue West, Unit 9, Toronto, Ontario

RESOLUTION AUTHORIZING EXECUTION OF GENERAL SECURITY AGREEMENT

"RESOLVED THAT:

- (a) The President ~~and the~~ \_\_\_\_\_ is ~~not~~ hereby authorized for and on behalf of the Corporation to execute and deliver to The Toronto-Dominion Bank a General Security Agreement substantially in the form of the General Security Agreement (attached hereto and initialled by the Secretary for identification) presented to the directors, with such alterations, amendments, deletions or additions as may be approved by the persons executing the same and their execution shall be conclusive evidence of such approval and that the General Security Agreement so executed is the General Security Agreement authorized by this Resolution.
- (b) Any officer or director be and is hereby authorized to execute and deliver on behalf of the Corporation all such other documents and writings and to do such other acts and things as may be necessary or desirable for fulfilling the Corporation's obligations under the General Security Agreement."

CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of a Resolution duly passed by the Directors of \_\_\_\_\_  
1632032 ONTARIO LTD

on the 8<sup>th</sup> day of April, ~~2013~~ May, 2014 and that the said Resolution is now in full force and effect.

Ilda Rites Ginjo C/S  
Secretary - Ilda Rites Ginjo

## **APPENDIX “M”**

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

RUN NUMBER : 047  
RUN DATE : 2016/02/16  
ID : 20160216145141.17

REPORT : PSSR060  
PAGE : 1  
( 7233)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE  
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : 1632032 ONTARIO LTD.

FILE CURRENCY : 15FEB 2016

ENQUIRY NUMBER 20160216145141.17 CONTAINS 6 PAGE(S), 2 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

THORNTON GROUT FINNIGAN LLP · ROXANA MANEA  
3200-100 WELLINGTON STREET WEST  
TORONTO ON M5K 1K7

CERTIFIED BY/CERTIFIÉES PAR  
*[Signature]*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY/  
LE REGISTRATEUR  
DES SURETES MOBILIERES  
(en/3 09/2013)

CONTINUED . . . 2



APPENDIX

PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

RUN NUMBER : 047  
RUN DATE : 2016/02/16  
ID : 20160216145141.17

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1632032 ONTARIO LTD.  
FILE CURRENCY : 15FEB 2016

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER 698136858  
01 CAUTION FILING TOTAL NO. OF PAGES 001  
MOTOR VEHICLE SCHEDULE 20140718 1220 1862 6771  
REGISTERED UNDER PERIOD 5  
P PPSA

02 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
03 BUSINESS NAME 1632032 ONTARIO LTD.  
04 ADDRESS 1444 DUPONT STREET, UNIT 11 TORONTO  
ONTARIO CORPORATION NO. 1632032  
ON M6E 1C4

05 DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME  
06 BUSINESS NAME  
07 ADDRESS  
ONTARIO CORPORATION NO.

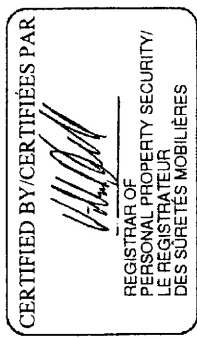
08 SECURED PARTY / THE TORONTO-DOMINION BANK  
09 LIEN CLAIMANT ADDRESS 2 ST. CLAIR AVENUE EAST (BRANCH 1968) TORONTO ON M4T 2V4

10 COLLATERAL CLASSIFICATION CONSUMER MOTOR VEHICLE AMOUNT DATE OF MATURITY OR NO FIXED Maturity DATE  
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED X X X X X  
YEAR MAKE MODEL V.I.N.

11 MOTOR FLUXGOLD IZSAK JAEGER LLP  
12 VEHICLE 50 WEST PEARCE STREET UNIT 10 RICHMOND HILL ON L4B 1C5  
13 GENERAL  
14 COLLATERAL  
15 DESCRIPTION  
16 REGISTERING  
17 AGENT

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED... 3



PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

RUN NUMBER : 047  
RUN DATE : 2016/02/16  
ID : 20160216145141.17

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1632032 ONTARIO LTD.  
FILE CURRENCY : 15FEB 2016

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER  
674481987

01 CAUTION FILING : 001 OF 001 PAGES TOTAL : 001 OF 001 PAGES  
MOTOR VEHICLE SCHEDULE : 2011118 1605 1862 4658 P PSSA  
REGISTERED UNDER PERIOD : 18

02 DEBTOR :  
03 NAME : BUSINESS NAME : 1632032 ONTARIO LTD. INITIAL SURNAME :  
04 ADDRESS : 1444 DUPONT STREET, UNIT 11 TORONTO ONT M6P 4H3  
ONTARIO CORPORATION NO.

05 DEBTOR :  
06 NAME : BUSINESS NAME : INITIAL SURNAME :  
07 ADDRESS : ONTARIO CORPORATION NO.

08 SECURED PARTY /  
09 LIEN CLAIMANT : BUSINESS DEVELOPMENT BANK OF CANADA TORONTO ONT M5H 3T9  
121 KING STREET WEST, SUITE 1200

10 COLLATERAL CLASSIFICATION :  
CONSUMER : X  
GOODS : X  
INVENTORY : X  
EQUIPMENT : X  
ACCOUNTS OTHER : X  
MOTOR VEHICLE : X  
AMOUNT : X  
DATE OF MATURITY OR MATURITY DATE : X

11 YEAR MAKE :  
12 MODEL : V.I.N.  
13 MOTOR :  
14 VEHICLE :  
15 GENERAL :  
16 COLLATERAL :  
17 DESCRIPTION :  
REGISTERING AGENT : DEVRY, SMITH & FRANK LLP (NID) TORONTO ONT M3C 3E9  
100-95 BARBER GREENE ROAD

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
CONTINUED... 4

CERTIFIED BY / CERTIFIÉES PAR  
*[Signature]*  
REGISTRAR OF  
PERSONAL PROPERTY SECURITY /  
LE REGISTRATEUR  
DES SURETÉS MOBILIÈRES  
(crits 09/2013)



RUN NUMBER : 047  
 RUN DATE : 2016/02/16  
 ID : 20160216145141.17

PROVINCE OF ONTARIO  
 MINISTRY OF GOVERNMENT SERVICES  
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
 ENQUIRY RESPONSE  
 CERTIFICATE

REPORT : PSSR060  
 PAGE : 4  
 ( 7236)


TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : 1632032 ONTARIO LTD.  
 FILE CURRENCY : 15FEB 2016

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

01	CAUTION FILING	PAGE NO. OF PAGES	TOTAL MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
21	RECORD REFERENCED	FILE NUMBER	674481987	20120928 1100 2611 3080	
22		PAGE AMENDED	NO. SPECIFIC PAGE AMENDED	CHANGE REQUIRED	RENEWAL YEARS
				B RENEWAL	05
23	REFERENCE			INITIAL	SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	1632032 ONTARIO LTD.		
25	OTHER CHANGE				
26	REASON/				
27	DESCRIPTION				
28		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL	SURNAME
02/					
05	DEBTOR/	BUSINESS NAME			
03/	TRANSFEREE	ADDRESS			
06					
04/07					ONTARIO CORPORATION NO.

29	ASSIGNOR	SECURED PARTY/LIEN CLAIMANT/ASSIGNEE			
08					
09		ADDRESS			
		CONSUMER			
		GOODS	INVENTORY EQUIPMENT ACCOUNTS OTHER	INCLUDED	AMOUNT
					DATE OF MATURITY OR MATURITY DATE
10		YEAR	MAKE	MODEL	V.I.N.
11	MOTOR				
12	VEHICLE				
13	GENERAL				
14	COLLATERAL				
15	DESCRIPTION				
16	REGISTERING AGENT OR	B.D.C. (I.B. )	046646-04		
17	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	121 KING STREET WEST #1200	TORONTO	ON M5H 3T9

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*  
 CONTINUED . . . 5

CERTIFIED BY/CERTIFIÉES PAR  
  
 REGISTRAR OF  
 PERSONAL PROPERTY SECURITY/  
 LE REGISTREUR  
 DES SÛRETÉS MOBILIÈRES  
 (cr/2s 09/2013)



TYPE OF SEARCH : BUSINESS DEBTOR  
 SEARCH CONDUCTED ON : 1632032 ONTARIO LTD.  
 FILE CURRENCY : 15FEB 2016


FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

01	CAUTION FILING	PAGE NO. OF PAGES	TOTAL MOTOR VEHICLE SCHEDULE NUMBER	REGISTRATION UNDER	
21	RECORD REFERENCED	FILE NUMBER	20140120 1544 2611 5813		
22		PAGE AMENDED	NO. SPECIFIC PAGE AMENDED	CHANGE REQUIRED	CORRECT PERIOD
				B RENEWAL	RENEWAL YEARS
			FIRST GIVEN NAME	INITIAL SURNAME	01
23	REFERENCE	BUSINESS NAME	1632032 ONTARIO LTD.		
24	DEBTOR/ TRANSFEROR				ONTARIO CORPORATION NO.
25	OTHER CHANGE				
26	REASON/ DESCRIPTION				
27					
28					
02/	DEBTOR/ TRANSFEREE	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL SURNAME	
03/		BUSINESS NAME			
04/07		ADDRESS			

29	ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE				
08					
09					
	COLLATERAL CLASSIFICATION	ADDRESS			
	CONSUMER				
10	GOODS	INVENTORY EQUIPMENT ACCOUNT'S OTHER INCLUDED	AMOUNT	DATE OF MATURITY OR MATURITY DATE	
	YEAR	MAKE	MODEL	V.I.N.	
11	MOTOR VEHICLE				
12	GENERAL				
13	COLLATERAL				
14	DESCRIPTION				
15	REGISTERING AGENT OR	BDC LEGAL (HD) 046646-04			
16	SECURED PARTY/ LIEN CLAIMANT	ADDRESS	121 KING STREET WEST, SUITE 1200	TORONTO	ONT M5H 3T9
17					

\*\*\* FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. \*\*\*

CONTINUED . . . 6

CERTIFIED BY/CERTIFIÉES PAR  
  
 REGISTRAR OF PERSONAL PROPERTY SECURITY/  
 LE REGISTRATEUR DES SURETES MOBILIÈRES  
 (c/2s 09/2013)





PROVINCE OF ONTARIO  
MINISTRY OF GOVERNMENT SERVICES  
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM  
ENQUIRY RESPONSE  
CERTIFICATE

REPORT : PSSR060  
PAGE : 6  
( 7238)

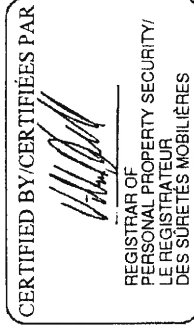
RUN NUMBER : 047  
RUN DATE : 2016/02/16  
ID : 20160216145141.17

TYPE OF SEARCH : BUSINESS DEBTOR  
SEARCH CONDUCTED ON : 1632032 ONTARIO LTD.  
FILE CURRENCY : 15FEB 2016

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
698136858	20140718 1220 1862 6771		
674481987	20111118 1605 1862 4658	20120928 1100 2611 3080	20140120 1544 2611 5813

4 REGISTRATIONS(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



## **APPENDIX “N”**



**Financial Restructuring Group**  
3140 Dufferin Street, Toronto, Ontario, M6A 2T1  
Telephone No. (416) 785-5093  
Fax No. (416) 785-5028  
E-mail. Daniel.Prupas@td.com

February 18, 2016

**HAND DELIVERED**

1632032 Ontario Ltd.  
1444 Dupont Street  
Unit 11  
Toronto, Ontario M6P 4H3

**Attention: Iida Rites Ginjo**

Dear Sir:

**Re: Your Guarantee of the Obligations of 1882540 Ontario Inc. (the "Borrower") to The Toronto-Dominion Bank (the "Bank")**

We refer to the credit facilities made available to the Borrower by the Bank pursuant to a credit facility agreement dated May 28, 2015, as amended by agreement dated October 6, 2015 and as further amended from time to time (the "**Credit Facilities**"). The Borrower's indebtedness to the Bank as at February 17, 2016, is set out in the attached Schedule "A".

We also refer to your guarantees of the Borrower's obligations under the Credit Facilities each dated April 16, 2014 as follows:

- (a) guarantee limited to the principal amount of \$239,000; and
- (b) guarantee limited to the principal amount of \$72,000

(collectively, the "**Guarantees**"). Your obligations under the Guarantees are payable on demand.

On behalf of the Bank, we hereby demand payment from you pursuant to the Guarantees of the said sum of CAD\$311,000 as at February 17, 2016, together with all costs and fees incurred by the Bank and all interest accruing up to and including the date of payment. The terms of the Guarantee provide that interest accrues on the above-noted amount at the same rate that interest accrues on the Borrower's indebtedness to the Bank.

We also enclose herewith a Notice of Intention to Enforce Security delivered to you in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If you consent to the Bank enforcing its rights and remedies without further delay, please date and execute one copy of the consent attached to the enclosed Notice of Intention to Enforce Security and return same to the undersigned by facsimile forthwith.

Yours very truly,

**The Toronto-Dominion Bank**

A handwritten signature in black ink, appearing to read 'Daniel Prupas', written over a horizontal line.

Daniel Prupas

Encl.

## SCHEDULE "A"

### Indebtedness of 1882540 Ontario Inc. to The Toronto-Dominion Bank as at February 17, 2016

Facility	Principal Balance	Accrued Interest and Charges	Total
Operating Loan	\$1,247,582.63	\$3,930.69	\$1,251,513.32
CSBFL #1	\$122,561.69	\$39.58	\$122,601.27
CSBFL #2	\$17,059.36	\$21.16	\$17,080.52
Business Visa Facility	\$76,293.04		\$76,293.04
<b>TOTAL</b>	<b>CDN\$1,463,496.72</b>	<b>CDN\$3,991.43</b>	<b>CDN\$1,467,488.15</b>

- a) Operating Loan: Interest accrues at the Bank's Prime Rate plus 2.5% per annum. As at February 17, 2016, the Bank's Prime Rate is 2.70%.
- b) CSBFL #1 and CSBFL #2: Interest accrues at the Bank's Prime Rate plus 3.0% per annum.
- c) Visa Facility: Interest accrues in accordance with the terms and conditions governing the issue of the Visa Business credit cards.

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

**TO: 1632032 ONTARIO LTD.**

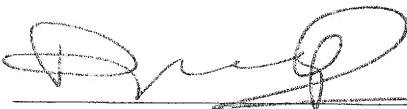
Take notice that:

1. The Toronto-Dominion Bank (the “**Bank**”), a secured creditor, intends to enforce its security on the property of 1632032 Ontario Ltd. (the “**Company**”) described below:
  - (a) all real and personal property, assets and undertaking of the Company, now owned or hereafter acquired, wheresoever located.
2. The security that is to be enforced is in the form of:
  - (a) General Security Agreement; and
  - (b) Assignment of Fire Insurance;
3. The total amount of the indebtedness secured by the security is CDN\$311,000 as at February 17, 2016 plus interest accruing thereafter and all costs and fees incurred by or charged to the Bank up to and including the date of payment. Interest accrues on the indebtedness at a rate that varies with the Bank’s Canadian Dollar Prime Rate, subject to fluctuations in the principal amount of the indebtedness from time to time.
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 Company consents to an earlier enforcement.

Dated at Toronto this 18<sup>th</sup> day of February, 2016.

**THE TORONTO-DOMINION BANK**

Per:

  
\_\_\_\_\_  
Daniel Prupas

## CONSENT

**TO: THE TORONTO-DOMINION BANK (the "Bank")**

**FROM: 1632032 ONTARIO LTD. (the "Company")**

The Company acknowledges receipt of a Notice of Intention to Enforce Security delivered by the Bank.

For consideration received, the receipt and sufficiency of which is hereby irrevocably acknowledged, the Company hereby consents to the immediate enforcement by the Bank of the security held by the Bank from the Company, and for the same consideration waives completely all rights to any delay by or any further notice from the Bank with respect to the enforcement of its security and the exercise of the other remedies of the Bank against the Company.

DATED at                                  this                  day of                                  , 2016.

**1632032 ONTARIO INC.**

Per: \_\_\_\_\_ c/s

Name:

Title:

(I have authority to bind the Corporation)

## **APPENDIX “O”**





Canada Revenue  
Agency

Agence du revenu  
du Canada

**PRIORITY POST  
PERSONAL & CONFIDENTIAL**

1784936 Ontario Inc.  
65A Wingold Avenue  
Toronto, Ontario M6B1P8

**ATTENTION: Cesario Ginjo**

Stephanie James, Senior Investigator  
Toronto North – Barrie TSO  
Criminal Investigations Division  
Phone: (416) 218-4878  
Fax: (416) 954-6318

March 30, 2016

Dear Mr. Ginjo:

Re: 1784936 Ontario Inc., 1723534 Ontario Inc., 1757742 Ontario Ltd., 1882540 Ontario Inc., 1404605 Ontario Limited, and 2023644 Ontario Ltd.

This is to advise you that the Canada Revenue Agency has commenced a criminal investigation into the financial operations of 1784936 Ontario Inc., 1723534 Ontario Inc., 1757742 Ontario Ltd., 1882540 Ontario Inc., 1404605 Ontario Limited, and 2023644 Ontario Ltd and has possession of books and records seized on March 3, 2016, under the authority of Section 487 and 489 of the Criminal Code, at the following premises:

- The business premises of 1784936 Ontario Inc. located at 494 Gilbert Avenue, Toronto, Ontario;
- The business premises of 1784936 Ontario Inc., 1723534 Ontario Inc., and 1404605 Ontario Limited located at 65A Wingold Avenue, Toronto, Ontario; and
- The business premises of Canada Revenue Agency, Audit Division, 11th floor, 5001 Yonge Street, North York, Ontario

The books and records mentioned above are available to you or your authorized representative for examination at our office during regular business hours. Should you or your authorized representative wish to examine the seized records, please contact me at the telephone number noted above to make the necessary arrangements.

There exists an option of an early resolution of the criminal case. If you wish to pursue an early resolution of this matter, please contact the investigator.

Yours truly,

A handwritten signature in cursive script that reads "Stephanie James".

Stephanie James, Senior Investigator  
Canada Revenue Agency  
Criminal Investigations Division  
Toronto North – Barrie Tax Services Office

## **APPENDIX “P”**

Apr 30, 16

ASSETS	
Current Assets	
Chequing/Savings	
Bank - Transfer Clearing	-365,252.66
BMO #1989-413	-302,467.96
Commission Clearing	40,591.49
Fees Clearing	-34,267.21
TD Bank #5304285 (Locations)	-13,049.89
TD Bank #5305024	-1,724,015.91
<b>Total Chequing/Savings</b>	<b>-2,398,462.14</b>
Accounts Receivable	
Accounts Receivable	3,570,150.29
<b>Total Accounts Receivable</b>	<b>3,570,150.29</b>
Other Current Assets	
Inventory Asset - Bulk	
Inventory - Food Products	289,471.00
Inventory - Hard Goods Flowers	671,011.00
Inventory - Packaging Materials	234,129.00
<b>Total Inventory Asset - Bulk</b>	<b>1,194,611.00</b>
Loan To Holding Company	339,544.12
Prepaid Expenses	27,850.64
<b>Total Other Current Assets</b>	<b>1,562,005.76</b>
<b>Total Current Assets</b>	<b>2,733,693.91</b>
Fixed Assets	
Computer	
Computer Amortization	-190,238.08
Computer - Other	205,388.55
<b>Total Computer</b>	<b>15,150.47</b>
Equipment	
Equipment Amortization	-610,742.05
Equipment - Other	1,418,443.26
<b>Total Equipment</b>	<b>807,701.21</b>
Furniture and Fixtures	
Furniture & Fix Amortization	-149,373.66
Furniture and Fixtures - Other	200,895.07
<b>Total Furniture and Fixtures</b>	<b>51,521.41</b>
Goodwill	204,375.00
Leasehold Improvements	
Leasehold Improve Amortization	-502,433.96
Leasehold Improvements - Other	685,746.69
<b>Total Leasehold Improvements</b>	<b>183,312.73</b>
Software	
Software Amortization	-181,612.00
Software - Other	181,612.00
<b>Total Software</b>	<b>0.00</b>
Vehicles	
Vehicles Amortization	-42,041.74
Vehicles - Other	67,512.18
<b>Total Vehicles</b>	<b>25,470.44</b>
Websites	
Websites Amortization	-972,381.07
Websites - Other	1,712,281.09
<b>Total Websites</b>	<b>739,900.02</b>
<b>Total Fixed Assets</b>	<b>2,027,431.28</b>
Other Assets	
Deposit Clearing TD #5306024	-2,211,357.84
Deposit Clearing TD#5304285	-9,421.80
<b>Total Other Assets</b>	<b>-2,220,779.64</b>

# Balance Sheet

As of April 30, 2016

	Apr 30, 16
<b>TOTAL ASSETS</b>	<b>2,540,345.55</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
Accounts Payable	365,100.50
<b>Total Accounts Payable</b>	365,100.50
<b>Credit Cards</b>	
<b>Credit Cards &amp; Cash Receipts</b>	
TD Visa# ....1249	4,011.73
TD Visa# ....1256	3,953.00
TD Visa# ....1321	6,792.21
TD Visa# ....1386	55,228.08
TD Visa# ....4169	4,086.88
TD Visa# ....4177	3,788.73
Credit Cards & Cash Receipts - Other	6,116.87
<b>Total Credit Cards &amp; Cash Receipts</b>	83,977.50
<b>Total Credit Cards</b>	83,977.50
<b>Other Current Liabilities</b>	
<b>Accrued Liabilities</b>	5,000.00
<b>Bank Loans</b>	
BDC Loan 046646-06	13,025.25
BDC Loan 046646-07	99,968.20
BDC Loan 046646-08	36,172.08
TD Loan #09	122,561.69
TD Loan #10	17,059.36
<b>Total Bank Loans</b>	288,786.58
Current Portion of Bank Loans	136,320.00
Current Reclassification	-136,320.00
GST Payable	0.82
GST/HST Payable	273,058.96
HST Payable - other	58.18
Provision for Future Income Tax	73,290.00
PST Payable (BC)	42,595.96
PST Payable (ON)	6,693.97
PST Payable (SK)	5,137.65
QST Payable Quebec	-26,268.46
Salary Payable	239,980.10
<b>Total Other Current Liabilities</b>	908,333.76
<b>Total Current Liabilities</b>	1,357,411.76
<b>Long Term Liabilities</b>	
Shareholders Loans	450,031.52
<b>Total Long Term Liabilities</b>	450,031.52
<b>Total Liabilities</b>	1,807,443.28
<b>Equity</b>	
Common Shares - Class A	100.00
Common Shares - Class B	10.00
Retained Earnings	1,270,275.56
Special Shares	489,950.00
Net Income	-1,027,433.29
<b>Total Equity</b>	732,902.27
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>2,540,345.55</b>

## Profit & Loss

May 2015 through April 2016

May '15 - Apr 16

Ordinary Income/Expense	
Income	
Fresh Flower Sales	
1-800 Flowers	2,242,835.40
Baskets Inc	483.27
Costco.ca	103,233.00
Dignity	209,455.33
Flowers Canada	45,928.79
FTD Central	70,850.12
FTD Rebates @7.50	283,215.58
Memorial Flowers	1,223,220.01
Staples	74,923.40
Walk-Ins	295,047.50
Web Orders	8,212.30
What a Basket	5,698.80
What a Bloom	237,864.97
Fresh Flower Sales - Other	521,274.35
<b>Total Fresh Flower Sales</b>	<b>5,322,242.82</b>
<b>Total Income</b>	<b>5,322,242.82</b>
Cost of Goods Sold	
Cost of Goods Sold	
Delivery	307,128.53
Flower Labour	367,390.82
Hard Good For Bskts -Fresh Prod	67,962.29
Hard Goods	194,642.67
Hard Goods For Bskts - Supplies	21,562.45
<b>Total Cost of Goods Sold</b>	<b>958,686.76</b>
Floral Comissions	
1-800.ca - Royalty	579,213.10
1-800.ca Wire out comission 7%	29,958.83
1-800.ca Wire out comission 80%	1,120,202.48
Amway Comission	5,123.61
Barter	6,616.52
Bloomcommand Comission	109,927.48
Canadian Obituaries	1,451.40
CC Comissions	37,867.05
Dignity	54,009.22
FTD wire out comission 7%	30,429.87
FTD wire out comission 80%	-10,505.32
FTD.Com	19,129.57
Legacy	34,608.06
Life News	3,476.38
Metro	1,669.79
SCI	394,872.73
<b>Total Floral Comissions</b>	<b>2,418,050.77</b>
Fresh Flowers Purchases	741,994.74
<b>Total COGS</b>	<b>4,118,732.27</b>
<b>Gross Profit</b>	<b>1,203,510.55</b>
Expense	
Advertising and Promotion	69,988.68
Auto Expense	
Repairs & Maintenance	768.25
<b>Total Auto Expense</b>	<b>768.25</b>
Business Tax	4,044.65
Computer and Internet Expenses	3,151.11
Donations	100.00
Equipment Leases	8,686.57
FTD Expenses	
C. C Fees/ Machine Rentals	41,690.52
FTD Advertising	3,391.87
FTD Membership Fees / Dues	6,294.73
FTD University & Quality Fee	2,418.41
Mercury Technology	-37,586.10
SAF Subscritions	-40.99
FTD Expenses - Other	-10,023.75
	<b>-10,023.75</b>

## Profit & Loss

May 2015 through April 2016

	May '15 - Apr 16
Total FTD Expenses	6,144.69
Insurance	61,603.95
Interest & Bank Charges	
Bank Overdraft interest	63,990.01
Bank Service Charges	10,265.20
interest on lease	560.04
Loan Interest	18,981.99
Total Interest & Bank Charges	93,797.24
IT Expense	66,464.01
IT Services	21,017.74
Meals and Entertainment	1,520.25
Office Expense	5,026.86
Office Supplies	5,579.38
Parking fines	144.00
Professional Fees	46,221.08
Rent Expense	
Dufferin-Bskts	20,263.78
Gilbert	45,663.66
Montreal	21,492.96
Oshawa	33,625.32
Steeles	6,661.96
Wingold	47,030.28
Rent Expense - Other	51,957.50
Total Rent Expense	226,695.46
Repairs and Maintenance	55,725.97
Telephone Expense	14,303.21
Travel	1,275.55
Utilities	
Calgary Electricity	3,601.16
Calgary Gas	969.71
Edmonton Natural Gas	32.00
Enbridge Gas	4,093.43
Oshawa Hydro	5,699.58
Power Stream	292.45
Toronto Hydro	10,588.38
Total Utilities	25,276.71
Vehicle Expense	
Vehicle- gas	22,090.87
Vehicle - Licenses	1,067.00
Vehicle - Repairs	6,355.89
Vehicle -Leases	5,756.49
Vehicle Expense - Other	156.38
Total Vehicle Expense	35,426.63
Wages & Salaries	
Management	-25,000.00
Office	189,652.92
Office Labour - M	163,958.83
Payroll Administrator	29,167.40
Total Wages & Salaries	357,779.15
Total Expense	1,110,741.14
Net Ordinary Income	92,769.41
Other Income/Expense	
Other Expense	
Amortization Expense	445,056.42
Ask My Accountant	493,937.84
In Trust	2,750.00
Realized Foreign Exchange Expen	12,099.28
Total Other Expense	953,843.54
Net Other income	-953,843.54
Net Income	-861,074.13

## **APPENDIX “Q”**





What A Bloom Group  
 c/o What A Bloom Canada, Memorial Flowers, Flower Crazy,  
 Flowers Canada, Hanna Florist, Special Moments, 1800flowers.ca  
 Statements of Receipts and Disbursements  
 For the Period of December 1, 2015 to May 19, 2016  
 SC (n

Name	Description	1882540 Ontario Inc.		1665651 Ontario Inc.		2495584 Ontario Inc.		1873349 Ontario Inc.		WAB Group
		TD Bank A/C #5306024	A/C #5304285 A/C #1099703	BMO A/C #0995912 (note 1)	BMO A/C #1989413	JF Morgan Chase A/C # 400010430 (note 1)	JP Morgan Chase A/C # 400010430 (note 1)	JP Morgan Chase A/C # 400010430 (note 1)	JP Morgan Chase A/C # 400010430 (note 1)	
<b>Owner of bank accounts</b>										
<b>Financial institution</b>										
<b>Notes</b>										
<b>Opening Balance at December 1, 2015</b>										
<b>Receipts from:</b>										
<b>Related Party Receipts</b>										
1873349 Ontario Inc.	Wire transfers	1,253,629	-	90,461	-	-	-	-	-	1,344,280
1665651 Ontario Inc.	Cheques deposited by ATM	850,535	-	-	-	-	-	-	-	1,288,844
1665651 Ontario Inc.	Wire transfers from BMO A/C # 27952-1095912	684,685	428,309	-	-	-	-	-	-	684,685
1882540 Ontario Inc.	Transfer from TD Bank A/C 5304285 and A/C 5306024	423,333	322,377	-	-	279,600	-	-	-	1,026,310
1882540 Ontario Inc.	Transfer from RBC A/C 1099703	285,403	109,340	-	-	-	-	-	-	294,743
1882540 Ontario Inc.	Cheques deposited by ATM	-	-	266,900	-	-	-	-	-	336,850
1882540 Ontario Inc.	From their personal bank accounts	161,291	-	118,856	-	312,944	-	-	-	512,944
<b>Total Related Party Receipts</b>		<b>2,405,246</b>	<b>432,717</b>	<b>386,736</b>	<b>438,309</b>	<b>679,744</b>	<b>17,250</b>	<b>Unknown</b>	<b>Unknown</b>	<b>4,342,752</b>
<b>Third-Party Receipts</b>										
1882540 Ontario Inc.	From corporate partners: FTD, Costco, Business Depot, etc...	292,029	-	-	-	66,394	-	-	-	358,423
1882540 Ontario Inc.	JP Morgan Chase merchant bank aggregates credit card payments from online sales	-	-	-	-	-	-	1,288,844	-	1,288,844
1882540 Ontario Inc.	Merch Solutions merchant bank aggregates credit card payments from online sales	390,107	-	1,008,538	-	63,907	-	-	-	1,008,538
1882540 Ontario Inc.	Due to NSF - stop payment, funds held	-	21,519	-	-	72,094	-	-	-	454,014
1882540 Ontario Inc.	Cheques deposited by ATM	5,689	4,398	1,531	-	10,000	-	-	-	21,518
<b>Total Unrelated Party Receipts</b>		<b>687,825</b>	<b>25,917</b>	<b>1,010,069</b>	<b>212,304</b>	<b>1,288,844</b>	<b>1,288,844</b>	<b>Unknown</b>	<b>Unknown</b>	<b>3,224,900</b>
<b>Total Receipts</b>										
<b>Disbursements to:</b>										
<b>Related Party Disbursements</b>										
1882540 Ontario Inc.	Cheques	371,786	-	27,600	-	16,906	-	-	-	441,286
1882540 Ontario Inc.	Transfer to TD Bank A/C 5304285	312,944	-	279,600	-	-	-	-	-	602,494
1882540 Ontario Inc.	Transfer to TD Bank A/C 5306024	109,340	-	322,377	-	-	-	-	-	432,717
1882540 Ontario Inc.	Transfer to RBC A/C 1099703	-	285,403	1,108,018	-	-	-	-	-	2,243,956
1882540 Ontario Inc.	Cheque deposited by ATM returned	47,300	-	-	-	-	-	-	-	47,300
1882540 Ontario Inc.	Cheque and bank transfers	22,500	-	266,900	-	118,300	-	-	-	407,700
<b>Total Related Party Disbursements</b>		<b>863,870</b>	<b>285,503</b>	<b>1,788,905</b>	<b>438,309</b>	<b>893,048</b>	<b>1,288,844</b>	<b>Unknown</b>	<b>Unknown</b>	<b>4,671,766</b>
<b>Third-Party Disbursements</b>										
1882540 Ontario Inc.	Expenses paid by cheque (incl payroll, rent)	707,311	-	-	-	214,018	-	-	-	1,011,329
1882540 Ontario Inc.	Seven suppliers	666,267	-	35,975	-	228,944	-	-	-	925,186
1882540 Ontario Inc.	FTD	278,065	-	-	-	-	-	-	-	278,065
1882540 Ontario Inc.	Unknown payees	160,669	-	29,336	-	165,911	-	-	-	426,766
1882540 Ontario Inc.	Receipts returned due to NSF, stop payment, funds held	-	72,860	-	-	105,520	-	-	-	105,520
1882540 Ontario Inc.	Loan repayment	90,090	-	-	-	24,729	-	-	-	114,729
1882540 Ontario Inc.	Miscellaneous	40,543	1,643	2,884	-	-	-	-	-	66,976
1882540 Ontario Inc.	Online bank transfers to credit card accounts	50,105	150,300	-	-	-	-	-	-	200,405
1882540 Ontario Inc.	Sales commissions	58,415	-	-	-	-	-	-	-	35,415
1882540 Ontario Inc.	Loan interest payments	30,101	-	-	-	-	-	-	-	30,101
1882540 Ontario Inc.	Directors flowers in certain geographicals	30,000	-	-	-	-	-	-	-	30,000
1882540 Ontario Inc.	Loan repayment	10,150	-	-	-	21,498	-	-	-	21,498
1882540 Ontario Inc.	Collectibles purchased	-	8,499	-	-	-	-	-	-	8,499
1882540 Ontario Inc.	Unknown utility	-	12,790	-	-	-	-	-	-	12,790
1882540 Ontario Inc.	Fuel, oil changes	-	-	-	-	-	-	-	-	-
1882540 Ontario Inc.	Debit transactions at a variety of large retail stores (e.g. Costco, WalMart)	-	-	-	-	-	-	-	-	-
1882540 Ontario Inc.	Line of credit interest charged	27,852	-	-	-	-	-	-	-	27,852
<b>Total Unrelated Party Disbursements</b>		<b>2,263,939</b>	<b>173,232</b>	<b>69,185</b>	<b>72,866</b>	<b>758,920</b>	<b>1,288,844</b>	<b>Unknown</b>	<b>Unknown</b>	<b>3,338,142</b>
<b>Total Disbursements</b>		<b>3,127,809</b>	<b>458,635</b>	<b>1,807,780</b>	<b>438,309</b>	<b>893,048</b>	<b>1,288,844</b>	<b>Unknown</b>	<b>Unknown</b>	<b>6,009,908</b>
<b>Closing Balance</b>		<b>1,288,557</b>	<b>1</b>	<b>501,435</b>	<b>3</b>	<b>78</b>	<b>1,288,844</b>	<b>Unknown</b>	<b>Unknown</b>	<b>3,338,142</b>

\* This statement of receipts and disbursements should be read together with the related notes.

What A Bloom Group  
o/a What A Bloom Canada, Memorial Flowers, Flower Crazy,  
Flowers Canada, Hanna Florist, Special Moments, 1800flowers.ca

Notes to Statements of Receipts and Disbursements  
For the Period of December 1, 2015 to May 19, 2016 (the "Period")

- 1) The statement of receipts and disbursements ("R&D") for BMO account #1995912 was created based on Moneris Solutions receipts for the Period and partial bank statements for December 1, 2015 to March 31, 2016. As well, the R&D for JP Morgan account #400010430 was prepared based upon wire transfers received by TD Bank from this account. As a result, the R&D does not capture all transactions in these accounts in the Period. The Receiver expects there were additional receipts and disbursements made in these accounts which could be significant.
- 2) Approximately \$2.3 million known third-party receipts were received during the Period by 1665651 Ontario Inc. ("166") and 1873349 Ontario Inc. ("187") of which 100% were received from online website flower sales. As described in note 1, the Receiver's information is not complete and there may be additional receipts received by 166 and 187 not recorded on the R&D.  
During the Period, 166 and 187 transferred approximately \$2.3 million to 1882540 Ontario Inc.'s ("188") TD Bank accounts #5306024 and #5304285 which was used to fund third-party disbursements during the Period for the What a Bloom Group which totalled approximately \$2.4 million.  
In addition, beginning on March 30, 2016, 2495584 Ontario Inc. ("249") received approximately \$680,000 from related parties, in addition to approximately \$66,000 it received from customer sales, to fund third-party disbursements of approximately \$759,000.  
As described in the Receiver's First Report to Court, on March 30, 2016 CRA advised 188 that it has commenced a criminal investigation with respect to the financial operations of 188. Also on March 30, 2016, 249 opened the BMO account #1989413 and began receiving transfers into it from related parties to fund What A Bloom Group's operating expenses.  
In summary, it appears that beginning March 30, 2016, 249 replaced 188 as the entity being used by the What A Bloom Group to receive related party funds and fund all the operating expenses of the What A Bloom Group.
- 3) In early December 2015 the Moneris Solutions ("Moneris") merchant accounts were opened by 166. Moneris has deposited since its accounts opened all receipts from a number of online flower sales websites, including whatabloom.ca, to the BMO account #1995912 owned by 166. 188 and TD Bank did not receive any of these receipts. TD only received certain cheques deposited through ATM's, and wire transfers, from 166 in the Period. Nevertheless, TD Bank's line of credit has been funding all operating expenses associated with these sales until April 2016 when 249 began paying the operating expenses, as described above.
- 4) Until April 2016, 188's TD Bank line of credit account #5306024 only received accounts receivable collections from certain corporate accounts. In April 2016, Mr. Ginjo directed the corporate clients (i.e. Costco Wholesale) to wire all its accounts receivable payments to the 249 bank account #1989413 at BMO instead of the TD line of credit account #5306024 at 188 which paid all the operating expenses associated with these sales. In addition, 188 made payments to  
5) During the Period, approximately \$397,000, \$28,000 and \$17,000 was paid by 188, 166 and 249, respectively, to Cesario Ginjo and/or Ilda Ginjo, his former wife who also works in the business. In addition, Cesario and/or Ilda Ginjo transferred approximately \$161,000, \$119,000 and \$17,000 to 188, 166 and 249, respectively, during the Period. In addition, approximately \$200,000 in credit card bills were paid by 188 during the Period.
- 6) Certain partners earn a commission for online flower sales made through their websites to their customers. Some corporate customers collect 100% of the receipt, keep their commission and remit the remaining to the What A Bloom Group, while others allow the What A Bloom Group to collect 100% of the sale receipt and they bill 188 for their commission. In the case of FTD and Service Corporation, they allow 100% of the receipt in the Period to be collected by the What A Bloom Group and then charged 188 commissions of which approximately \$313,000 was paid in the Period. However, in the case of Service Corporation, the receipts were collected by 166 and not 188, even though the Master Services Agreement with Service Corporation was signed by 188 and 188 paid to commissions on these sales to Service Corporation.
- 7) On February 19, 2015, Cesario Ginjo and 166 signed a promissory note for a loan from Fonte Santa Inc. ("Fonte") totalling \$200,000. On May 5, 2016 they signed a second promissory note with the same party for \$70,000. During the period, \$90,000 from 188, and approximately \$25,000 from 249, was used to repay Fonte. The Receiver is unaware of any indebtedness by 188 or 249 to Fonte.  
In February 2014, a \$600,000 mortgage on the Production Centre property was granted to Fonte and two other parties by 1632032 Ontario Ltd. ("163"), the owner of the Production Centre. The Receiver is unaware of how much
- 8) On January 16, 2015, Cesario Ginjo and "What a Bloom Inc." signed a promissory note for a loan from Flavio Romani ("Flavio") totalling \$135,000. The promissory note was amended on January 5, 2016 to require repayment of \$35,000 by February 28, 2016 and \$100,000 by May 31, 2016. \$30,000 of this loan was repaid by 188 on February 29, 2016 even though it appears that it is not party to the loan.

IN THE MATTER OF Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c.C.43, as amended, and in the matter of Sections 243(1) and 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended

THE TORONTO-DOMINION BANK      and  
Applicant

1882540 ONTARIO INC.

Respondent

Court File No.: CV-16-11398-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceedings commenced at Toronto

FIRST REPORT TO THE COURT  
OF DODICK LANDAU INC., AS RECEIVER  
June 10, 2016

Thornton Grout Finnigan LLP  
Barristers and Solicitors  
100 Wellington Street West  
Suite 3200  
Toronto ON M5K 1K7

Leanne Williams (LSUC# 41877E)  
Tel: 416-304-0060  
Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

Rachel Bengino (LSUC# 68348V)  
Tel: 416-304-1153  
Fax: 416-304-1313  
Email: [rbengino@lgf.ca](mailto:rbengino@lgf.ca)

Lawyers for the Applicant

## **TAB 3**

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

THE HONOURABLE

)

MONDAY, THE 13<sup>TH</sup>

JUSTICE

)

DAY OF JUNE, 2016

)

**IN THE MATTER OF Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended**

**THE TORONTO-DOMINION BANK**

Applicant

- and -

**1882540 ONTARIO INC.**

Respondent

**ORDER  
(Expanding Receivership Order)**

**THIS MOTION** made by The Toronto-Dominion Bank (the “**Bank**”) 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/or section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) expanding the definition of “Debtor” in the Order of Mr. Justice Newbould dated May 19, 2016 (the “**Receivership Order**”) to include 1665651 Ontario Ltd., 2495584 Ontario Inc., 1873349 Ontario Inc. and 1632032 Ontario Ltd. and excluding 1444 Dupont Street, Unit 11, Toronto, Ontario, M6E 1C4 from the definition of “Premises” of the Debtor was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the First Report of Dodick Landau Inc. in its capacity as Court-appointed Receiver of the Debtor and the Exhibits thereto and on hearing the submissions of counsel for the Applicant, no one else being served with this motion,

**SERVICE**

1. **THIS COURT ORDERS** that this Motion may proceed without notice and that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.
  2. **THIS COURT ORDERS** that the definition of “Debtors” in the Receivership Order is hereby expanded to include 1665651 Ontario Ltd., 2495584 Ontario Inc., 1873349 Ontario Inc. and 1632032 Ontario Ltd.
  3. **THIS COURT ORDERS** that the definition of “Premises” in the Receivership Order shall hereby exclude 1444 Dupont Street, Unit 11, Toronto, Ontario, M6E 1C4.
  4. **THIS COURT ORDERS** that all other provisions of the Receivership Order shall remain in place unaffected by this Order.
-

THE TORONTO-DOMINION BANK

and

1882540 ONTARIO INC.

Applicant

Respondent

Court File No.: CV- 16-11398-00CL

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

Proceedings commenced at Toronto

**ORDER  
(Expanding Receivership Order)**

**Thornton Grout Finnigan LLP**

TD West Tower, Toronto-Dominion Centre  
100 Wellington Street West, Suite 3200  
Toronto, ON M5K 1K7  
Fax: (416) 304-1313

**Leanne Williams (LSUC# 41877E)**

Tel: 416-304-0060  
Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

**Rachel Bengino (LSUC# 68348V)**

Tel: 416-304-1153  
Fax: 416-304-1313  
Email: [rbengino@tgf.ca](mailto:rbengino@tgf.ca)

Lawyers for the Applicant, The Toronto-Dominion Bank

IN THE MATTER OF Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c.C.43, as amended, and in the matter of Sections 243(1) and 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended

THE TORONTO-DOMINION BANK      and  
Applicant

1882540 ONTARIO INC.

Respondent

Court File No.: CV-16-11398-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

Proceedings commenced at Toronto

MOTION RECORD  
(RETURNABLE JUNE 13, 2016)

**Thornton Grout Finnigan LLP**  
Barristers and Solicitors  
100 Wellington Street West  
Suite 3200  
Toronto ON M5K 1K7

**Leanne Williams (LSUC# 41877E)**  
Tel: 416-304-0060  
Email: [lwilliams@tgf.ca](mailto:lwilliams@tgf.ca)

**Rachel Bengino (LSUC# 68348V)**  
Tel: 416-304-1153  
Fax: 416-304-1313  
Email: [rbengino@tgf.ca](mailto:rbengino@tgf.ca)

Lawyers for the Applicant