

Court File No. 31-2623988
Estate No. 31-2623988

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF HEALTHCHAIN INC. OF THE CITY OF TORONTO IN
THE PROVINCE OF ONTARIO**

MOTION RECORD

August 6, 2020

WEISZ FELL KOUR LLP
100 King Street West
Suite 5600
Toronto, ON M5X 1C9

Caitlin Fell
LSO No. 60091H
cfell@wfkllaw.ca
Tel: 416.613.8282

Sharon Kour
LSO No. 58328D
skour@wfkllaw.ca
Tel: 416.613.8283

Fax: 416.613.8290

Lawyers for HealthChain Inc.

TO: **THE SERVICE LIST**

INDEX

Court File No. 31-2623988
 Estate No. 31-2623988

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
 PROPOSAL OF HEALTHCHAIN INC. OF THE CITY OF TORONTO IN
 THE PROVINCE OF ONTARIO**

INDEX

TAB	DOCUMENT	PG.
1	Notice of Motion	03
2	Affidavit of Ronald Shon, sworn August 6, 2020	10
	A Exhibit "A" - Order of Koehnen J. dated March 5, 2020	16
	B Exhibit "B" - Order and Endorsement of Koehnen J. dated May 7, 2020	27
	C Exhibit "C" - Order and endorsement of Koehnen J. dated June 25, 2020	38
3	Draft Order	42

TAB 1

Court File No. 31-2646144
Estate No. 31-2646144

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF HEALTHCHAIN INC. OF THE CITY OF TORONTO IN
THE PROVINCE OF ONTARIO**

Applicant

NOTICE OF MOTION
(Re: Extension of Time to File Proposal)

HEALTHCHAIN INC. (“**HealthChain**” or the “**Company**”), will make a motion to a Judge presiding over the Commercial List on Friday, August 7, 2020, at 9:30 a.m. or as soon after that time as the motion can be heard by judicial teleconference via Zoom at Toronto, Ontario. Please refer to the conference details attached as Schedule “A” hereto in order to attend the motion and advise if you intend to join the motion by emailing Christel Paul at cpaul@wfklaw.ca.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order, substantially in the form attached at Tab 3 of the Motion Record, that extends the time for the Company to file a proposal with the Official Proposal Trustee by 16 days, up to and including August 26, 2020; and,
2. Such further and other relief as this Honourable Court deems just.

THE GROUNDS FOR THIS MOTION ARE:

3. On February 28, 2020 HealthChain filed a notice of intention to file a proposal pursuant to s. 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”). Dodick Landau Inc. was named proposal trustee (the “**Proposal Trustee**”).
4. On March 5, 2020, the Honourable Mr. Justice Koehnen granted an order that, among other things, extended the time for the Company to file a proposal and expanded the powers of the Proposal Trustee.
5. On May 7, 2020, Koehnen J. granted an order that, *inter alia*, authorized the Company obtain and borrow under a debtor-in-possession credit facility (the “**DIP Loan**”) and extended the time for the company to file a proposal.
6. On June 25, 2020, Koehnen J. granted a further order that, among other things, extended the time for the Company to file a proposal up to and including August 10, 2020. At that time, the Company was engaged in negotiations with two potential partners to finalize a contract that would form the basis of a restructuring proposal. Each of these parties was interested in partnering with the Company to further develop and market its software product. One of the proposed partners was selected to finalize an arrangement, although a contract has not been finalized (the “**Proposed Deal**”).
7. The Company expects that a final version of the Proposed Deal will be executed imminently, following which the Company intends to make a proposal to its creditors
8. The stay of proceedings will expire on August 10, 2020.

Extension of Time to File a Proposal

9. The Company seeks a short extension of time to file a proposal pursuant to Section 50.4(9) of the BIA, up to and including August 26, 2020, to allow it to finalize the Proposed Deal.
10. Without an extension of time, the Company will not be in a position to make a viable proposal to its creditors before August 10, 2020 and the Company will be deemed bankrupt, to the detriment of its creditors and stakeholders.
11. The Company, with the assistance of the Proposal Trustee, has prepared a cash flow forecast demonstrating that the Company will have sufficient liquidity to fund the Company's expenses and these proceedings the duration of the proposed stay extension.
12. The test for an extension of time under Section 50.4(9) of the BIA is met:
 - (a) the Company intends to finalize the terms of a contract that will permit it to continue on a going concern basis and will be able to make a viable proposal to its creditors if the extension requested is granted;
 - (b) the Company has acted, and is acting, in good faith and with due diligence in engaging with potential clients and creditors; and,
 - (c) the Company has no outstanding secured debt other than a debtor-in-possession facility advanced by its largest unsecured creditor, and its unsecured creditors stand to benefit from a going concern proposal. No creditor will be materially prejudiced if the extension requested is granted.

Further Grounds

13. Section 50.4(9) of the BIA;
14. Rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, RSO 1990, Reg 194, as amended; and
15. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED ON THE HEARING OF THE MOTION:

16. The Affidavit of Ronald Shon, sworn August ____, 2020, with Exhibits attached thereto;
17. The Second Report of the Proposal Trustee, dated June 22, 2020, as filed; and,
18. Such further and other evidence as counsel may advise and this Honourable Court may permit.

August 5, 2020

WEISZ FELL KOUR LLP

100 King Street West,
Suite 5600
Toronto, ON M5X 1C9

Caitlin Fell

LSO No. 60091H
cfell@wfkllaw.ca
Tel: 416.613.8282

Sharon Kour

LSO No. 58328D
skour@wfkllaw.ca
Tel: 416.613.8283

Fax: 416.613.8290

Lawyers for HealthChain Inc.

TO: **THE SERVICE LIST**

**Schedule “A”
Conference Details to join Motion via Zoom**

Join Zoom Meeting

<https://zoom.us/j/3154597997?pwd=RXJlOCtqdHUxa2lUREtUYlE5OUUpKZz09>

Meeting ID: 315 459 7997

Password: 729363

One tap mobile

+13017158592,,3154597997# US

+13126266799,,3154597997# US (Chicago)

Dial by your location

+1 301 715 8592 US

+1 312 626 6799 US (Chicago)

+1 346 248 7799 US (Houston)

+1 646 558 8656 US (New York)

+1 669 900 9128 US (San Jose)

+1 253 215 8782 US

Meeting ID: 315 459 7997

Password: 729363

Find your local number: <https://zoom.us/u/akmSHXDDJ>

TAB 2

Court File No. 31-2623988
Estate No. 31-2623988

ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY
(COMMERCIAL LIST)

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF HEALTHCHAIN INC. OF THE CITY OF TORONTO IN
THE PROVINCE OF ONTARIO**

AFFIDAVIT OF RONALD SHON

(Sworn August 6, 2020)

I, **RONALD SHON**, of the City of Vancouver, in the province of British Columbia, **MAKE OATH AND SAY:**

1. I am a principal of REDDS Venture Investment Partners LLC and REDDS Technology Fund 1 LP (together, “**REDDS**”), each an unsecured creditor of HealthChain Inc. (the “**Company**” or “**HealthChain**”). I am also a director of HealthChain. Accordingly, I have knowledge of the matters set out below. Where I have relied on information from others, I state the source of such information and verily believe it to be true.
2. This affidavit is submitted in support of a motion for an order that, among other things, extends the time for the Company to make a proposal to its creditors pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the “**BIA**”).

I. OVERVIEW

3. HealthChain is in the business of developing and marketing electronic prescription management software.

4. On February 28, 2020, HealthChain filed a Notice of Intent to Make a Proposal (“NOI”) under the BIA. Dodick Landau Inc. was appointed proposal trustee (the “**Proposal Trustee**”).

5. On March 5, 2020, the Honourable Mr. Justice Koehnen granted an order that, among other things, extended the time for the Company to file a proposal and expanded the powers of the Proposal Trustee. A copy of the Order of Koehnen J. dated March 5, 2020 is appended hereto as Exhibit “A”.

6. On May 7, 2020, His Honour Koehnen granted an order that, among other things, authorized the Company obtain and borrow under a debtor-in-possession (“DIP”) facility from REDDS and extended the time for the Company to file a proposal. Copies of the Order and endorsement of Koehnen J. dated May 7, 2020 are appended hereto as Exhibit “B”.

7. On June 25, 2020, Koehnen J. granted a further order that, among other things, extended the time for the Company to file a proposal up to and including August 10, 2020. Copies of the Order and endorsement of Koehnen J. dated June 25, 2020 are appended hereto as Exhibit “C” (generally, the “**June Stay Extension Order**”).

8. Pursuant to the June Stay Extension Order, the stay of proceedings will expire on August 10, 2020.

II. EXTENSION OF TIME TO FILE A PROPOSAL

9. Since the NOI Filing, the Company, through its Board of Directors, has been engaged in discussions with HealthChain's management and various potential investors and partners to develop a restructuring proposal. I have been involved in those discussions as both a Director of HealthChain Inc. and as a creditor.

10. The Company has no active operations currently and is focused primarily on its restructuring efforts. I have been working with management to finalize a strategic partnership that will permit the Company to continue as a going concern.

11. When the Company last appeared before the Court for the purposes of the June Stay Extension Order, negotiations were ongoing with two potential partners to finalize a contract that would form the basis of a restructuring proposal. Each of these parties was interested in partnering with the Company to further develop and market its software product. Further negotiations have taken place with each of the potential partners since that time. One of the proposed partners was selected to finalize an arrangement, although a contract has not been finalized (the "**Proposed Deal**").

12. The Company expects that a final version of the Proposed Deal will be executed imminently, following which the Company intends to make a proposal to its creditors.

13. The stay of proceedings is set to expire on August 10, 2020. HealthChain requires more time to finalize the Proposed Deal and to make a proposal for approval at a meeting of creditors. Accordingly, the Company is requesting a short 16-day extension of time pursuant to Section 50.4(9) of the BIA, up to and including August 26, 2020, to make a proposal.

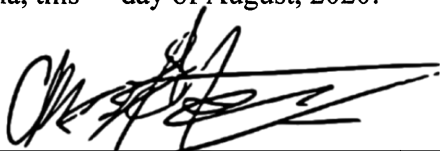
14. I understand that the Proposal Trustee will be filing cash flows that demonstrate the Company has sufficient cash to address its liabilities through the extended stay period. .

15. I am advised by counsel that Section 50.4(9) of the BIA permits a maximum duration of six months for these NOI proceedings. I am confident that the Company will be able to make a viable proposal to its creditors before August 26, 2020.

16. The Company has acted in good faith and with due diligence in engaging with potential partners with the assistance of the Proposal Trustee. The extension of time is likely to result in a viable going-concern proposal. The contract that the Company is pursuing will permit it to operate in a profitable manner going forward for the benefit of its general body of creditors.

17. The Company has no outstanding secured debt other than the DIP facility advanced by its largest unsecured creditor and I am not aware of any creditors who will be materially prejudiced by the extension of time.

SWORN before me at the City of Toronto in the Province of Ontario *by video conference* to the city of Vancouver, in the Province of British Columbia, this 6th day of August, 2020:



A Commissioner for Taking Affidavits

Name: Christopher M. McGoey

LSO No. 79679K



RONALD SHON

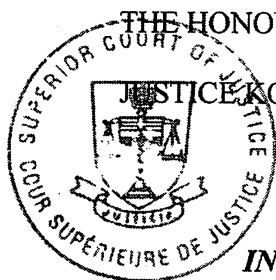
THIS IS **EXHIBIT "A"** REFERRED TO IN THE
AFFIDAVIT OF RONALD SHON SWORN BEFORE ME,
THIS 6th DAY OF AUGUST, 2020



A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. 31-2623988
Estate File No. 31-2623988

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
(COMMERCIAL LIST)



THE HONOURABLE MR.)

THURSDAY, THE 5TH

JUSTICE KOEHNEN)

DAY OF MARCH, 2020

IN THE MATTER OF THE *BANKRUPTCY AND*
***INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

AND IN THE MATTER OF THE PROPOSAL OF HEALTHCHAIN INC.
OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

ORDER APPROVING PROPOSAL TRUSTEE'S POWERS

THIS MOTION, made by Healthchain Inc. (the "**Company**") for an order approving the powers of Dodick Landau Inc. (the "**Proposal Trustee**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Anatoly Langer sworn March 3, 2020, and, on hearing the submissions of counsel for the Company, and for Amazon Web Services, Inc., no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Christel Paul sworn March 3, 2020, filed:

SERVICE

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

2. **THIS COURT ORDERS** that the Proposal Trustee is hereby empowered and authorized, but not obligated, to act at once in respect of the property, assets and undertaking of the Company (the “**Property**”) and, without in any way limiting the generality of the foregoing, the Proposal Trustee is hereby expressly empowered and authorized to do any of the following where the Proposal Trustee considers it necessary or desirable:

- a) to take possession of and exercise control over the Property, including without limitation any bank account of the Company, and any account maintained with suppliers, vendors and service providers, and any and all proceeds, receipts and disbursements arising out of or from the Property;
- b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of passwords, profile information, payment information, locks and security codes, the relocating of Property to safeguard it, the engaging of independent security services, the taking of inventories and the placement of such insurance coverage as may be necessary or desirable;

- c) to manage, operate, and carry on the business of the Company, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Company;
- d) to engage and instruct consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Proposal Trustee's powers and duties, including without limitation those conferred by this Order;
- e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Company or any part or parts thereof;
- f) to receive and collect all monies and accounts now owed or hereafter owing to the Company and to exercise all remedies of the Company in collecting such monies, including, without limitation, to enforce any security held by the Company;
- g) to settle, extend or compromise any indebtedness owing to the Company;
- h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Proposal Trustee's name or in the name and on behalf of the Company, for any purpose pursuant to this Order;

- i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Company, the Property or the Proposal Trustee, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Proposal Trustee in its discretion may deem appropriate; and
- k) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.
- l) and in each case where the Proposal Trustee takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Company, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE PROPOSAL TRUSTEE

3. **THIS COURT ORDERS** that (i) all of the Company's current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (ii) all other individuals, firms, corporations,

governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Proposal Trustee of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Proposal Trustee, and shall deliver all such Property to the Proposal Trustee upon the Proposal Trustee's request. Notwithstanding the foregoing, subject to further Order of this Court, the disclosure that Amazon Web Services, Inc and its affiliates ("**AWS**") is required to make will be, for the time being, limited to such information as the Company is entitled to pursuant to its contractual arrangements with AWS.

4. **THIS COURT ORDERS** that all Persons shall forthwith advise the Proposal Trustee of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Company, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Proposal Trustee or permit the Proposal Trustee to make, retain and take away copies thereof and grant to the Proposal Trustee unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 4 or in paragraph 5 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Proposal Trustee due to the privilege attaching to solicitor-client communication (other than solicitor client privilege of the Company and waived by the Company) or due to statutory provisions prohibiting such disclosure.

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

6. **THIS COURT ORDERS** that, notwithstanding paragraphs 3, 4 and 5 herein, and subject to paragraph 7 herein, the Proposal Trustee shall have no greater access to the computers, servers and other electronic systems of information storage in the possession of AWS than the Company has in accordance with its contractual agreements with AWS.

7. **THIS COURT ORDERS** that the Company's current directors and officers shall forthwith deliver or cause to be delivered to the Proposal Trustee such information in their possession, knowledge and control as requested by the Proposal Trustee from time to time in

respect of the host server companies contracted or utilized by the Company, including but not limited to AWS, to permit the Proposal Trustee to access the accounts of the Company hosted therein pursuant to the terms of the contract between the Company and the host server company, provided that the Company, from the date of the Order, pays for such access, usage and related services in accordance with the contractual arrangements. The information to be delivered to the Proposal Trustee upon request pursuant to this paragraph includes, but is not limited to, login credentials, account numbers, usernames and passwords.

ADMINISTRATION CHARGE

8. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed the amount of \$100,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Proposal Trustee and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 10 hereof.

9. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge (the “**Charge**”) shall not be required and that the Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

10. **THIS COURT ORDERS** the Charge shall rank in priority as against all other validly perfected security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, granted by the Company or to which the Company is subject (together, the “**Encumbrances**”) as of the date of this Order, in favour of any person or entity (a “**Person**”), other than the security held by FCS Advisors, LLC in respect of certain SRED tax credits and any Encumbrances arising by operation of any applicable statutory law.

11. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charge, unless the Company also obtains the prior written consent of the Proposal Trustee, or further Order of this Court.

EXTENSION OF TIME TO FILE A PROPOSAL

12. **THIS COURT ORDERS** that, pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Proposal Trustee be and is hereby extended to May 12, 2020.

GENERAL

13. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Proposal Trustee under the BIA or as an officer of this Court, the Proposal Trustee shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing

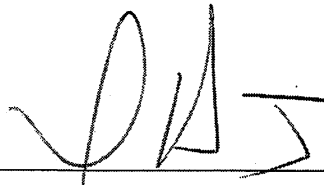
in this Order shall derogate from the protections afforded the Proposal Trustee by the BIA or any applicable legislation.

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

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

16. **THIS COURT ORDERS** that any interested party (including the Company and the Proposal Trustee) may apply to this Court to vary or amend this Order on not less than seven

(7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



A handwritten signature, possibly reading 'DAS', is written above a horizontal line. A small checkmark is visible below the line on the left side.

THIS IS **EXHIBIT "B"** REFERRED TO IN THE
AFFIDAVIT OF RONALD SHON SWORN BEFORE
ME, THIS 6th DAY OF AUGUST, 2020



A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. 31-2623988
Estate File No. 31-2623988

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
(COMMERCIAL LIST)**

THE HONOURABLE MR.)	THURSDAY, THE 7 TH
)	
JUSTICE KOEHNEN)	DAY OF MAY, 2020

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE PROPOSAL OF HEALTHCHAIN INC.
OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO**

**ORDER
(Extension of Time to File Proposal and DIP Financing)**

THIS MOTION, made by Healthchain Inc. (the "**Company**") for an Order extending the period of time for filing a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**"), and for authorization and approval for the Company to borrow pursuant to a debtor-in-possession ("**DIP**") credit facility, was heard this day by way of teleconference, in accordance with the Chief Justice's Notice to the Profession dated March 15, 2020 and Changes to Commercial List Operations in Light of COVID-19 dated March 16, 2020.

ON READING the Affidavit of Ronald Shon sworn May 6, 2020, and, on hearing the submissions of counsel for the Company, Dodick Landau Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**"), and for Charlotte Schwartz, no one appearing for any other

person on the service list, although properly served as appears from the affidavit of service of Christel Paul sworn May 6, 2020, filed:

SERVICE

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

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Proposal Trustee be and is hereby extended to June 26, 2020.

DIP FINANCING

3. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Loan**") from REDDS Technology Fund I LP (the "**DIP Lender**") in order to finance the Company's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$200,000 unless permitted by further Order of this Court.

4. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the term sheet between the Company and the DIP Lender dated as of May 6, 2020 (the "**Commitment Letter**"), filed.

5. **THIS COURT ORDERS** that the Company is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security

documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Company is hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

6. **THIS COURT ORDERS** that subject to the terms herein, the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Charge**") on the Company's current and future assets, licences, undertakings and properties of every nature and kind whatsoever, and wherever situate including all real and personal, tangible and intangible, property and all proceeds thereof (the "**Property**"). The DIP Charge shall have the priority set out in paragraph 11 hereof.

7. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Charge, the DIP Lender, upon 7 days' notice to the Company and to the Proposal Trustee, may exercise any and all of its rights and remedies against the Company or the Property under or pursuant to the Commitment Letter, Definitive

Documents, and the DIP Charge, including without limitation, to cease making advances to the Company and set off and/or consolidate any amounts owing by the DIP Lender to the Company against the obligations of the Company to the DIP Lender under the Commitment Letter, the Definitive Documents, or the DIP Charge, to make demand, accelerate payment and give other notices, including notices of sale, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Company and for the appointment of a trustee in bankruptcy of the Company; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Company or the Property.

8. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any proposal filed by the Company under the BIA, with respect to any advances made under the DIP Loan.

VALIDITY AND PRIORITY OF THE DIP CHARGE

9. **THIS COURT ORDERS** that the priorities of the DIP Charge and the Administration Charge (as defined in the Order of Koehnen J., dated March 5, 2020), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$100,000); and,

Second – DIP Charge (to the maximum amount of \$200,000).

10. **THIS COURT ORDERS** that the filing, registration or perfection of the DIP Charge shall not be required and that the DIP Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the DIP Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

11. **THIS COURT ORDERS** that, except as otherwise expressly provided for herein, the DIP Charge shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any person.

12. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Company shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, the DIP Charge, unless the Company also obtains the prior written consent of the Proposal Trustee and the DIP Lender, or further Order of this Court.

13. **THIS COURT ORDERS** that the DIP Charge, the Commitment Letter, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings,

incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Company of any Agreement to which it is a party;
- (b) the DIP Lender shall not have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the Company entering into the Commitment Letter, the creation of the DIP Charge, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Company pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the DIP Charge, does not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

14. **THIS COURT ORDERS** that the DIP Charge created by this Order over any leases of real property in Canada shall only be a charge in the Company's interest in such real property leases.

GENERAL

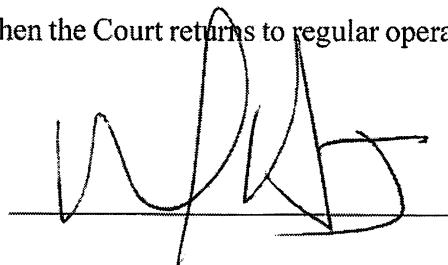
15. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

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

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

18. **THIS COURT ORDERS** that, notwithstanding Rule 59.05, this order is effective from the date that it is made, and is enforceable without any need for entry and filing. In accordance

with Rules 77.07(6) and 1.04, no formal order need be entered and filed unless an appeal or a motion for leave to appeal is brought to an appellate court. Any party may nonetheless submit a formal order for original signing, entry and filing when the Court returns to regular operations.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end, positioned above a horizontal line.

Court File Number: 31-2625984

Superior Court of Justice
Commercial List

FILE/DIRECTION/ORDER

Re Healthchain Inc

Plaintiff(s)

AND

Defendant(s)

Case Management Yes No by Judge: _____

Counsel	Telephone No:	Facsimile No:
Ms. Kow for Healthchain		
S. Schwetz for the C. Schwetz an unsecured creditor		

- Order Direction for Registrar (No formal order need be taken out)
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)
- Adjourned to: _____
- Time Table approved (as follows):

Healthchain has filed a NOI and seeks a DIP of \$200,000. No one opposes the DIP. There are no secured creditors. The DIP lender is the largest unsecured creditor of Healthchain. The trustee supports the DIP. The DIP is a modest \$200,000 with a 2% committed fee and reasonable interest.

July 7 2020
Date

[Signature]
Judge's Signature

Additional Pages 1

Court File Number: _____

Superior Court of Justice
Commercial List

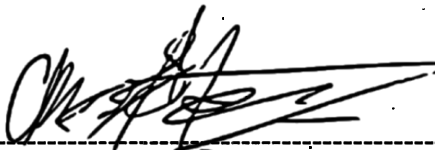
FILE/DIRECTION/ORDER

Judges Endorsment Continued

I also grant an extension of time
to file a proposal as requested.
There is no objection to the
request

Judges Initials [Signature]

THIS IS **EXHIBIT "C"** REFERRED TO IN THE
AFFIDAVIT OF RONALD SHON SWORN BEFORE
ME, THIS 6th DAY OF AUGUST, 2020

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

A COMMISSIONER FOR TAKING AFFIDAVITS

Court File No. 31-2623988
Estate File No. 31-2623988

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
(COMMERCIAL LIST)**

THE HONOURABLE MR.)	THURSDAY, THE 25 TH
)	
JUSTICE KOEHNEN)	DAY OF JUNE, 2020

**IN THE MATTER OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

**AND IN THE MATTER OF THE PROPOSAL OF HEALTHCHAIN INC.
OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO**

**ORDER
(Extension of Time to File Proposal)**

THIS MOTION, made by Healthchain Inc. (the "**Company**") for an Order extending the period of time for filing a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**"), was heard this day by video conference due to the COVID-19 crisis.

ON READING the Affidavit of Ronald Shon sworn June 22, 2020, and, on hearing the submissions of counsel for the Company, Dodick Landau Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**"), no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Christopher McGoey sworn June 22, 2020, filed:

SERVICE

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

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to August 10, 2020.

ORDER EFFECTIVE IMMEDIATELY

3. Given the inability to enter Court Orders at this time, this Order is in effect immediately and is not required to be entered.

_____ 

Subject: Re: Notice of Intention to Make a Proposal of HealthChain Inc. [Court File No. 31-2623988]
Date: Thursday, June 25, 2020 at 8:40:54 AM Eastern Daylight Time
From: Koehnen, Mr. Justice Markus (SCJ)
To: Christel Paul
CC: JUS-G-MAG-CSD-Toronto-SCJ Commercial List, Sharon Kour, Caitlin Fell, Christopher McGoey
Attachments: image001.png, Healthchain order 20200625.pdf

This email constitutes my endorsement arising out of today's video hearing and should be placed into the court file together with the attached order.

The request to extend the time for filing a proposal for 45 days is unopposed and is supported by the Proposal Trustee. The debtor is in the process of negotiating contracts that may help it make a proposal. Without the contracts, no proposal appears possible. The debtor appears to be acting in good faith and should be afforded additional time to try to create value for all stakeholders.

Justice Markus Koehnen
Ontario Superior Court of Justice
361 University Ave.
Toronto, Ont.
M5G 1T3
416-327-5284

From: Christel Paul <cpaul@wfklaw.ca>
Sent: Tuesday, June 23, 2020 9:54 AM
To: Koehnen, Mr. Justice Markus (SCJ) <Markus.Koehnen@scj-csj.ca>
Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List <MAG.CSD.To.SCJCom@ontario.ca>; Sharon Kour <skour@wfklaw.ca>; Caitlin Fell <cfell@wfklaw.ca>; Christopher McGoey <cmcgoey@wfklaw.ca>
Subject: Notice of Intention to Make a Proposal of HealthChain Inc. [Court File No. 31-2623988]

Good morning Your Honour,

Please find attached **(i)** the Second Report of Dodick Landau Inc., in its capacity as Proposal Trustee; and, **(ii)** the Motion Record of HealthChain Inc., returnable this Thursday, June 25th at 8:30 am.

Also, for your records, please find attached an unsworn Affidavit of Service.

Kind regards,
Christel



Web | wfklaw.ca

Christel Paul
Executive Assistant | Weisz Fell Kour LLP
T | [416.613.8280](tel:416.613.8280)
F | [416.613.8290](tel:416.613.8290)
E | cpaul@wfklaw.ca

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
(COMMERCIAL LIST)

THE HONOURABLE MR.)	FRIDAY, THE 7 TH
)	
JUSTICE KOEHNEN)	DAY OF AUGUST, 2020

IN THE MATTER OF THE *BANKRUPTCY AND*
***INSOLVENCY ACT*, RSC 1985, c B-3, AS AMENDED**

AND IN THE MATTER OF THE PROPOSAL OF HEALTHCHAIN INC.
OF THE CITY OF TORONTO IN THE PROVINCE OF ONTARIO

ORDER
(Extension of Time to File Proposal)

THIS MOTION, made by HealthChain Inc. (the "**Company**") for an Order extending the period of time for filing a proposal pursuant to section 50.4(9) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the "**BIA**"), was heard this day by video conference due to the COVID-19 crisis.

ON READING the Affidavit of Ronald Shon sworn August 5, 2020, and, on hearing the submissions of counsel for the Company, Dodick Landau Inc., in its capacity as Proposal Trustee (the "**Proposal Trustee**"), no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Connie Deng sworn August 6, 2020, filed:

SERVICE

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

EXTENSION OF TIME TO FILE A PROPOSAL

2. **THIS COURT ORDERS** that pursuant to Section 50.4(9) of the BIA, the time for the Company to file a proposal with the Official Receiver be and is hereby extended to August 26, 2020.

ORDER EFFECTIVE IMMEDIATELY

3. Given the inability to enter Court Orders at this time, this Order is effective immediately.

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF HEALTHCHAIN INC.**

Court File No. 31-2623988
Estate No. 31-2623988

**ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

MOTION RECORD

WEISZ FELL KOUR LLP
100 King Street West, Suite 5600
Toronto, ON M5X 1C9

Caitlin Fell
LSO No. 60091H
cfell@wflaw.ca
Tel: 416.613.8282

Sharon Kour
LSO No. 58328D
skour@wflaw.ca
Tel: 416.613.8283

Fax: 416.613.8290

Lawyers for HealthChain Inc.