

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

Application under Section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended

MOTION RECORD

Date: February 8, 2018

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*Lawyers for Grant Thornton Limited, in its
capacity as Court-Appointed Receiver of the
Crystal Wealth Group*

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ONTARIO SECURITIES COMMISSION

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C

TAB A

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

ONTARIO SECURITIES COMMISSION

Applicant

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CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

Application under Section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended

NOTICE OF MOTION

Grant Thornton Limited (“**GTL**”), in its capacity as the Court-appointed receiver and manager (in such capacity, the “**Receiver**”) of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (the Respondents except for Chrysalis Yoga being collectively referred to as the “**Crystal Wealth Group**”); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “**Chrysalis Account**”), will make a motion to a Judge presiding over the Commercial List at 10:00 a.m., or as soon after that time as the motion can be heard, on Tuesday, February 20, 2018 at the courthouse located at 330 University Avenue, Toronto, Ontario.

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

1. **THE MOTION IS FOR:**

- (a) if necessary, an Order abridging the time for service and filing of this notice of motion and the Receiver's motion record or, in the alternative, validating service or dispensing with the requirement for same;
- (b) an Order approving the Supplement to the Second Report of the Receiver dated February 8, 2018 (the "**Second Report Supplement**"), and the activities of the Receiver set out therein;
- (c) an Order, substantially in the form of the draft Order (the "**Draft Approval and Vesting Order**") attached at Tab A2 of the within Motion Record, *inter alia*: (i) approving the asset purchase agreement between the Receiver, as vendor, and Bron Releasing Inc. ("**BRI**"), as purchaser (the "**Purchaser**"), dated February 2, 2018 (the "**APA**"), and attached as **Confidential Appendix "1"** to the Second Report Supplement (the "**Confidential Appendix**"); (ii) authorizing the Receiver to complete the transaction contemplated by the APA (the "**APA Transaction**"); and (iii) vesting in the Purchaser all of the rights, title and interests in and to the Sale Assets (as defined in the APA), subject to the terms thereof;
- (d) an Order approving the Assignment Agreement entered into among the Receiver, as assignee, and Bron Studios Inc. ("**BSI**") and Bron Animation Inc. ("**BAI**"), each as assignors, (the "**Assignment Agreement**"), attached hereto as **Appendix "2"** to the Second Report Supplement, effective upon completion of the APA Transaction;
- (e) an Order sealing the Confidential Appendix until further order of this Court; and
- (f) such further and other relief as the Receiver's counsel may advise and this Honourable Court may permit.

2. **THE GROUNDS FOR THE MOTION ARE:**

Background

- (a) pursuant to an Order of the Honourable Mr. Justice Newbould issued April 26, 2017 (the "**Appointment Order**"), GTL was appointed as the Receiver, without

security, of the Chrysalis Account and of all the assets, undertakings and properties of the Crystal Wealth Group;

- (b) the proceedings were commenced by way of application (the “**Application**”) made by the Ontario Securities Commission under section 129 of the *Securities Act*, R.S.O. 1990, c. S.5, as amended (the “**Act**”), pursuant to which the Receiver was appointed;
- (c) the Respondent, Crystal Wealth Management System Limited (the “**Company**”), created and managed the Crystal Wealth Funds, which were structured as open-ended mutual fund trusts, and distributed on an exempt basis pursuant to offering memoranda. Prior to the Appointment Order, as the investment fund manager and portfolio manager of the Crystal Wealth Funds, the Company managed the day-to-day business of the Crystal Wealth Funds and was required to make investment decisions consistent with each Fund’s investment objectives;
- (d) the Respondent, Clayton Smith (“**Smith**”), was the directing mind, and sole officer and director of the Company, and holds a controlling interest in the shares of the Company;
- (e) the circumstances leading to the Receiver’s Appointment, and a detailed description of the Crystal Wealth Funds and the steps and actions taken by the Receiver since the Appointment, are summarized in the First Report to the Court of the Receiver dated June 22, 2017 (the “**First Report**”), the Supplement to the First Report to Court dated June 29, 2017 (the “**Supplement to the First Report**”), the Second Report to the Court of the Receiver dated November 24, 2017 (the “**Second Report**”), and the Second Report Supplement filed herewith;

The Sales Process

- (f) pursuant to the Appointment Order, the Receiver has been working diligently to monetize the long-term assets of the Crystal Wealth Funds where doing so would be in the best interests of all stakeholders;
- (g) a sales process recommended by the Receiver in the First Report (the “**Sales Process**”) was also authorized and approved by an Order of the Court made June 30, 2017;

- (h) pursuant to the Sales Process, the Receiver received a variety of offers, some of which involved the assumption of the management of certain of the Crystal Wealth Funds' activities and of the Company's duties to investors (the "**Management Offers**"), and others of which involved the cash purchase of certain assets of the Crystal Wealth Funds (the "**Cash Purchase Offers**");
- (i) for reasons detailed in the Second Report, the Receiver did not accept any of the Management Offers, and did not accept two of the three Cash Purchase Offers;
- (j) the Second Report advised that the Receiver would be advancing negotiations with respect to the remaining Cash Purchase Offer, which concerns the sale of the right, title, and interest in the Media Loans (as defined in the Second Report), and that a supplement to the Second Report would be issued regarding whether an agreement concerning such offer could be reached, for which Court approval would be sought;

The APA and Assignment Agreement

- (k) the Receiver has now filed with the Court its Second Report Supplement, which reports on the fact that the Receiver has entered into the APA and Assignment Agreement, and recommends that the APA and Assignment Agreement be approved by the Court so that the Receiver may proceed with the transactions contemplated in each agreement;
- (l) the Purchase Price for the Sale Assets (as such terms are defined in the APA) represents the highest and best offer received by the Receiver for the Sale Assets and has been the subject of considerable negotiation between the parties thereto;
- (m) Quiver Capital Inc. ("**Quiver**") was retained by the Receiver to provide expertise, analysis and advice as it relates to, *inter alia*, the Sale Assets; for reasons detailed in the Quiver Report (as defined in the Second Report), Quiver has strongly recommended that the Receiver accept the Purchase Price for the Sale Assets, and complete the APA Transaction;

- (n) the Sales Process has been a fair and reasonable process, which has culminated in the Receiver's execution of the APA and the Assignment Agreement;
- (o) the Receiver considers the terms of the APA and the Assignment Agreement to be reasonable in the circumstances;
- (p) pursuant to the analysis and conclusions set out in the Quiver Report, the completion of the APA is likely to yield the best net economic outcome for the Media Fund and its investors with respect to realizations on the Media Loans;
- (q) in addition to the Purchase Price which will be received from BRI in the event that the APA Transaction is completed, the Receiver has obtained the Assignment Agreement from BSI and BAI as a condition of its entering into the APA, which, effective on the completion of the APA transaction, could ultimately result in additional monies being recovered by the Receiver arising from proofs of claim filed by BSI and BAI as against Smith pursuant to the Creditor Claims Procedure that was authorized by Order of this Court on June 30, 2017;
- (r) a sealing order is required because the Confidential Appendix contains certain commercially-sensitive information, the release of which could prejudice the Crystal Wealth Group's stakeholders if the APA Transaction is not completed;
- (s) the Quiver Report is already sealed pursuant to an Order of this Court issued December 11, 2017;
- (t) the facts set out in the First Report, Supplement to the First Report, Second Report, and the Second Report Supplement;
- (u) section 129 of the *Securities Act*, R.S.O. 1990, c. S.5;
- (v) rules 1.04, 2.03, 3.02, 11, 37 and 41 of the *Rules of Civil Procedure*; and
- (w) such further and other grounds as counsel may advise and this Court may permit.

3. **THE FOLLOWING DOCUMENTARY EVIDENCE** will be used at the hearing of the motion:

- (a) the Second Report, inclusive of the appendices thereto;
- (b) the Quiver Report, as sealed under Order of this Court issued December 11, 2017;
- (c) the Second Report Supplement, inclusive of the appendices thereto; and
- (d) such further and other material as counsel may submit and this Honourable Court may permit.

Date: February 8, 2018

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TO: ATTACHED SERVICE LIST

ONTARIO SECURITIES COMMISSION

and

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, *ET AL.*

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at TORONTO**

NOTICE OF MOTION

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	TUESDAY, THE 20 th DAY
	)	
JUSTICE	)	OF FEBRUARY, 2018
	)	
	)	

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

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CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

ORDER

THIS MOTION, made by Grant Thornton Limited (“**GTL**”), in its capacity as the Court-appointed receiver and manager (in such capacity, the “**Receiver**”) of: (i) each of the Respondents except the Respondent, Chrysalis Yoga Inc. (“**Chrysalis Yoga**”) (the Respondents except for Chrysalis Yoga being collectively referred to as the “**Crystal Wealth Group**”); and (ii) the account of the Respondent, Chrysalis Yoga, No. 87296 00518 10 at Bank of Nova Scotia (the “**Chrysalis Account**”), for an Order, *inter alia*, approving the Supplement to the Second Report of the Receiver dated February 8, 2018 (the “**Second Report Supplement**”) and the activities of the Receiver set out in the Second Report Supplement; (ii) sealing the

confidential appendix to the Second Report Supplement (the “**Confidential Appendix**”); and (iii) approving the assignment agreement entered into among the Receiver, as assignee, and Bron Studios Inc. and Bron Animation Inc., each as assignors (the “**Assignment Agreement**”), and for other relief requested by the Receiver in its Notice of Motion dated February 8, 2018, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report Supplement and on hearing the submissions of counsel for the Receiver and such other counsel who were present, no one appearing for any other person on the service list, although duly served as appears from the affidavit of service of Colette Dillard sworn February 8, 2018, filed,

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the Receiver’s 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 Second Report Supplement and the activities of the Receiver described therein be and are hereby approved.
3. **THIS COURT ORDERS** that the Confidential Appendix be and is hereby sealed until further Order of the Court.
4. **THIS COURT ORDERS** that the Assignment Agreement be and is hereby approved, and the Receiver be and is hereby authorized to proceed with the transaction contemplated therein.
5. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
6. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

ORDER

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TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE	)	TUESDAY, THE 20 th DAY
	)	
JUSTICE	)	OF FEBRUARY, 2018
	)	
	)	

BETWEEN:

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CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

ORDER

THIS MOTION, made by Grant Thornton Limited in its capacity as the Court-appointed receiver and manager (the **"Receiver"**) of the undertaking, property and assets of certain of the Respondents, including the entities listed in Schedule "A" attached hereto (collectively and individually, the **"Debtor"**) for an order approving the sale transaction (the **"Transaction"**) contemplated by an asset purchase agreement (the **"Sale Agreement"**) between the Receiver and Bron Releasing Inc. (the **"Purchaser"**) dated February 2, 2018 and appended to the

Supplement to the Second Report of the Receiver dated February 8, 2018 (the “**Supplement to the Second Report**”), and vesting in the Purchaser the right, title and interest in and to the Sale Assets (as defined in the Sale Agreement, and subject to the provisions thereof) (the “**Sale Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Supplement to the Second Report and on hearing the submissions of counsel for the Receiver, and such other counsel who were present, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of Colette Dillard sworn February 8, 2018, filed:

1. **THIS COURT ORDERS AND DECLARES** that, except where otherwise indicated, capitalized terms used but not defined in this Order shall have the meanings ascribed thereto in the Sale Agreement.
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized, ratified and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Sale Assets to the Purchaser.
3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule “B” hereto (the “**Receiver's Certificate**”), all of the right, title and interest in and to the Sale Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated April 26, 2017 and any other orders of the Court in these proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule “C” hereto (all of which are collectively referred to as the

"Encumbrances"), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Sale Assets are hereby expunged and discharged as against the Sale Assets.

4. **THIS COURT ORDERS** that, following delivery of the Receiver's Certificate, the Respondents, the Receiver, any trustee in bankruptcy that may be appointed in respect of any of the Respondents, and all other Persons (except the Purchaser, its successors and assigns) who might claim under or through them (including pursuant to section 38 of the *Bankruptcy and Insolvency Act* (Canada)) be and are hereby restrained from commencing, asserting, continuing or otherwise pursuing any Claims (as defined in the Sale Agreement) against any Subject Party; provided, for certainty, nothing in this Order shall limit or affect the Receiver or any other Person's (except the Purchaser, its successors and assigns) ongoing right to commence, assert, continue, or pursue Excluded Claims against any Third Party in accordance with the Sale Agreement.

5. **THIS COURT ORDERS AND DECLARES** that, notwithstanding anything to the contrary contained herein, nothing in this Order shall affect the Production Liens, including the relative priority thereof.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims (including without limitation claims of investors or creditors) against the Media Fund and any other Debtor with an interest in the Sale Assets (if any), the net proceeds from the sale of the Sale Assets shall stand in the place and stead of the Sale Assets as an asset of the Media Fund or such other Debtor (if any), as applicable, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances against the Media Fund and such other Debtor (if any) shall attach to the net proceeds from the sale of the Sale Assets with the same priority as they had with respect to the Sale Assets immediately prior to the sale, as if the Sale Assets had not been sold and remained in the possession or control of the Media Fund and such other Debtor (if any), as applicable, immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;

- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Media Fund or any other Respondent and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Media Fund or any other Respondent;

the vesting of the Sale Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Respondents and shall not be void or voidable by creditors of any of the Respondents, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

SCHEDULE A

- Crystal Wealth Management System Limited
- Crystal Wealth Media Strategy
- Crystal Wealth Mortgage Strategy
- Crystal Enlightened Resource and Precious Metals Fund
- Crystal Wealth Medical Strategy
- Crystal Wealth Enlightened Factoring Strategy
- ACM Growth Fund
- ACM Income Fund
- Crystal Wealth High Yield Mortgage Fund
- Crystal Enlightened Bullion Fund
- Absolute Sustainable Dividend Fund
- Absolute Sustainable Property Fund
- Crystal Wealth Enlightened Hedge Fund
- Crystal Wealth Infrastructure Strategy
- Crystal Wealth Conscious Capital Strategy
- Crystal Wealth Retirement One Fund

Schedule "B" - Form of Receiver's Certificate

Court File No. 17-11779-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED**

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (the "Court") dated April 26, 2017, Grant Thornton Limited was appointed as the receiver and manager (the "Receiver") of the undertaking, property and assets of certain of the Respondents, including the Respondents listed in Schedule "A" attached hereto (collectively and individually, the "**Debtor**").

B. Pursuant to an Order of the Court dated **[DATE]**, 2018 (the "**Approval Order**"), the Court approved the asset purchase agreement made as of February 2, 2018 (the "**Sale Agreement**") between the Receiver and Bron Releasing Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of all of the right, title and interest in and to the Sale Assets, which vesting is to be effective with respect to the Sale Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Sale Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Sale Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ **[TIME]** on _____ **[DATE]**.

**GRANT THORNTON LIMITED, in its capacity
as Receiver of the undertaking, property and
assets of Crystal Wealth Management
System Limited and the other entities listed
in Schedule "A" attached hereto, and not in
its personal capacity**

Per: _____

Name:

Title:

**SCHEDULE C
CLAIMS**

None.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

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TAB 3

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

<u>THE HONOURABLE</u>	)	<u>TUESDAY, THE 20th DAY</u>
	)	
THE HONOURABLE	)	WEEKDAY, THE #
JUSTICE	)	DAY OF MONTH,
	)	20^{YR} <u>FEBRUARY, 2018</u>
	)	
	)	

~~BETWEEN:-~~

~~PLAINTIFF~~

Plaintiff

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

~~DEFENDANT~~

Defendant

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND and CHRYSALIS YOGA INC.

Respondents

APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

~~APPROVAL AND VESTING~~
ORDER

THIS MOTION, made by ~~[RECEIVER'S NAME]~~ Grant Thornton Limited in its capacity as the Court-appointed receiver and manager (the ~~"Receiver"~~) of the undertaking, property and assets of ~~[DEBTOR]~~ (the "certain of the Respondents, including the entities listed in Schedule "A" attached hereto (collectively and individually, the "Debtor")) for an order approving the sale transaction (the ~~"Transaction"~~) contemplated by an asset purchase agreement of purchase and sale (the ~~"Sale Agreement"~~) between the Receiver and ~~[NAME OF PURCHASER]~~ Bron Releasing Inc. (the ~~"Purchaser"~~) dated ~~[DATE]~~ February 2, 2018 and appended to the Supplement to the Second Report of the Receiver dated ~~[DATE]~~ February 8, 2018 (the ~~"Supplement to the Second Report"~~), and vesting in the Purchaser the ~~Debtor's~~ right, title and interest in and to the ~~assets described~~ Sale Assets (as defined in the Sale Agreement, and subject to the provisions thereof) (the ~~"Purchased Sale Assets"~~), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Supplement to the Second Report and on hearing the submissions of counsel for the Receiver, ~~[NAMES OF OTHER PARTIES APPEARING]~~ and such other counsel who were present, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of ~~[NAME]~~ Colette Dillard sworn ~~[DATE]~~ February 8, 2018, filed¹:

1. THIS COURT ORDERS AND DECLARES that, except where otherwise indicated, capitalized terms used but not defined in this Order shall have the meanings ascribed thereto in the Sale Agreement.

¹ ~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

2. ~~1.~~ **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved,² and the execution of the Sale Agreement by the Receiver³ is hereby authorized, ratified and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the ~~Purchased~~Sale Assets to the Purchaser.

3. ~~2.~~ **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule ~~A~~"B" hereto (the ~~"Receiver's Certificate"~~), all of the ~~Debtor's~~ right, title and interest in and to the ~~Purchased Assets described in the Sale Agreement [and listed on Schedule B hereto]~~Sale Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the ~~"Claims"~~⁵) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice ~~[NAME] dated [DATE]~~Newbould dated April 26, 2017 and any other orders of the Court in these proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule ~~"C"~~ hereto (all of which are collectively referred to as the ~~"Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D)~~"Encumbrances"), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to

² ~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

³ ~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

⁴ ~~To allow this Order to be free standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

⁵ ~~The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

the ~~Purchased~~Sale Assets are hereby expunged and discharged as against the ~~Purchased~~Sale Assets.

~~3. — THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION}] of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act]⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the “Real Property”) in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.~~

4. **THIS COURT ORDERS** that, following delivery of the Receiver's Certificate, the Respondents, the Receiver, any trustee in bankruptcy that may be appointed in respect of any of the Respondents, and all other Persons (except the Purchaser, its successors and assigns) who might claim under or through them (including pursuant to section 38 of the Bankruptcy and Insolvency Act (Canada)) be and are hereby restrained from commencing, asserting, continuing or otherwise pursuing any Claims (as defined in the Sale Agreement) against any Subject Party; provided, for certainty, nothing in this Order shall limit or affect the Receiver or any other Person's (except the Purchaser, its successors and assigns) ongoing right to commence, assert, continue, or pursue Excluded Claims against any Third Party in accordance with the Sale Agreement.

5. **THIS COURT ORDERS AND DECLARES** that, notwithstanding anything to the contrary contained herein, nothing in this Order shall affect the Production Liens, including the relative priority thereof.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims (including without limitation claims of investors or creditors) against the Media Fund and any other Debtor with an interest in the Sale Assets (if any), the net proceeds⁷ from the sale of the ~~Purchased~~Sale Assets shall stand in the place and stead of the ~~Purchased—Assets~~Sale Assets as an asset of the Media Fund or such other Debtor (if any), as applicable, and that from

⁶ Elect the language appropriate to the land registry system (Registry vs. Land Titles).

⁷ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at “net proceeds”.—

and after the delivery of the Receiver's Certificate all Claims and Encumbrances against the Media Fund and such other Debtor (if any) shall attach to the net proceeds from the sale of the ~~Purchased~~Sale Assets with the same priority as they had with respect to the ~~Purchased~~Sale Assets immediately prior to the sale⁸, as if the ~~Purchased~~Sale Assets had not been sold and remained in the possession or control of the ~~person having that possession or control~~Media Fund and such other Debtor (if any), as applicable, immediately prior to the sale.

7. ~~5.~~ **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

~~6. — THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada Personal Information Protection and Electronic Documents Act, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees, including personal information of those employees listed on Schedule "●" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.~~

8. ~~7.~~ **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the ~~Debtor~~Media Fund or any other Respondent and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the ~~Debtor~~Media Fund or any other Respondent;

⁸ ~~This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.~~

the vesting of the ~~Purchased~~Sale Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the ~~Debtor~~Respondents and shall not be void or voidable by creditors of any of the ~~Debtor~~Respondents, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

~~8. THIS COURT ORDERS AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).~~

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

SCHEDULE A

- Crystal Wealth Management System Limited
- Crystal Wealth Media Strategy
- Crystal Wealth Mortgage Strategy
- Crystal Enlightened Resource and Precious Metals Fund
- Crystal Wealth Medical Strategy
- Crystal Wealth Enlightened Factoring Strategy
- ACM Growth Fund
- ACM Income Fund
- Crystal Wealth High Yield Mortgage Fund
- Crystal Enlightened Bullion Fund
- Absolute Sustainable Dividend Fund
- Absolute Sustainable Property Fund
- Crystal Wealth Enlightened Hedge Fund
- Crystal Wealth Infrastructure Strategy
- Crystal Wealth Conscious Capital Strategy
- Crystal Wealth Retirement One Fund

Schedule ~~A~~ "B" - Form of Receiver's Certificate

Court File No. 17-11779-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

~~BETWEEN:-~~

~~PLAINTIFF~~

~~Plaintiff~~

BETWEEN:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

~~DEFENDANT~~

~~Defendant~~

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ
EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY,
CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE &
PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL
WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM
INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL
ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND,
ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED
HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL
WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE
FUND and CHRYSALIS YOGA INC.

Respondents

APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT
R.S.O. 1990, c. S.5, AS AMENDED

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~ Justice Newbould of the Ontario Superior Court of Justice (the "Court") dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~ April 26, 2017, Grant Thornton Limited was appointed as the receiver and manager (the "Receiver") of the undertaking, property and assets of ~~[DEBTOR]~~ (certain of the Respondents, including the Respondents listed in Schedule "A" attached hereto (collectively and individually, the "Debtor")).

B. ~~B.~~ Pursuant to an Order of the Court dated [DATE], 2018 (the "Approval Order"). the Court approved the asset purchase agreement ~~of purchase and sale~~ made as of ~~[DATE OF AGREEMENT]~~ February 2, 2018 (the "**Sale Agreement**") between the Receiver ~~[Debtor]~~ and [NAME OF PURCHASER] and Bron Releasing Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of all of the ~~Debtor's~~ right, title and interest in and to the ~~Purchased~~ Sale Assets, which vesting is to be effective with respect to the ~~Purchased~~ Sale Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the ~~Purchased~~ Sale Assets; (ii) that the conditions to Closing as set out in ~~section 2 of~~ the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. ~~C.~~ Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. ~~1.~~ The Purchaser has paid and the Receiver has received the Purchase Price for the ~~Purchased~~ Sale Assets payable on the Closing Date pursuant to the Sale Agreement;

2. ~~2.~~ The conditions to Closing as set out in ~~section 2 of~~ the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and

3. ~~3.~~ The Transaction has been completed to the satisfaction of the Receiver.

4. ~~4.~~ _____ This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

~~[NAME OF RECEIVER], in its capacity as
Receiver of the undertaking, property and
assets of [DEBTOR], and not in its personal
capacity~~

~~Per:~~

~~Name:-~~

~~Title:-~~

GRANT THORNTON LIMITED, in its capacity
as Receiver of the undertaking, property and
assets of Crystal Wealth Management
System Limited and the other entities listed
in Schedule "A" attached hereto, and not in
its personal capacity

Per:

Name:

Title:

SCHEDULE C
CLAIMS

None.

ONTARIO SECURITIES COMMISSION

-and-

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED et al.

Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

APPROVAL AND VESTING ORDER

AIRD & BERLIS LLP

Barristers and Solicitors

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Lawyers for Grant Thornton Limited, in its capacity as Receiver and
Manager of Crystal Wealth Management System Limited, Clayton
Smith, Crystal Wealth Media Strategy, Crystal Wealth Mortgage
Strategy, Crystal Enlightened Resource & Precious Metals Fund,
Crystal Wealth Medical Strategy, Crystal Wealth Enlightened
Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal
Wealth High Yield Mortgage Strategy, Crystal Enlightened Bullion
Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable
Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal
Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital
Strategy, Crystal Wealth Retirement One Fund, CLJ Everest Ltd.,
and 1150752 Ontario Limited

~~Schedule B—Purchased Assets~~

~~Schedule C—Claims to be deleted and expunged from title to Real Property~~

**~~Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property
(unaffected by the Vesting Order)~~**

Document comparison by Workshare Compare on February-08-18 11:29:25 AM

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Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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Deletions	139
Moved from	0
Moved to	0
Style change	0

TAB B

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

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SUPPLEMENT TO THE SECOND REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

FEBRUARY 8, 2018



Grant Thornton Limited
200 King Street West, 11th Floor
Toronto, Ontario, M5H 3T4

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APPENDICES

Appendix 1	Asset Purchase Agreement dated February 2, 2018 [redacted]
Appendix 2	Assignment Agreement
Appendix 3	Bron Animation Inc. Proof of Claim dated August 3, 2017
Appendix 4	Bron Studios Inc. Proof of Claim dated August 3, 2017

CONFIDENTIAL APPENDICES

Confidential Appendix 1	Asset Purchase Agreement dated February 2, 2018 [unredacted]
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SEALED APPENDICES

Sealed Appendix 1	Quiver Report dated November 22, 2017
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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

B E T W E E N:

ONTARIO SECURITIES COMMISSION

Applicant

- and -

CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CLJ EVEREST LTD., 1150752 ONTARIO LIMITED, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE AND PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE FUND, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, and CHRYSALIS YOGA INC.

Respondents

**APPLICATION UNDER SECTION 129 OF THE SECURITIES ACT R.S.O. 1990,
c. S.5, AS AMENDED**

**SUPPLEMENT TO THE SECOND REPORT TO THE COURT
SUBMITTED BY GRANT THORNTON LIMITED
IN ITS CAPACITY AS RECEIVER**

FEBRUARY 8, 2018

INTRODUCTION AND PURPOSE OF THE SECOND REPORT SUPPLEMENT

- 1 This supplement (this “**Second Report Supplement**”) is filed by Grant Thornton Limited in its capacity as Court-appointed receiver (the “**Receiver**”) of the Crystal Wealth Group, as a supplement to the Receiver’s Second Report to the Court dated November 24, 2017 (the “**Second Report**”).
- 2 Unless otherwise defined, all capitalized terms in this Second Report Supplement are as defined in the Second Report. All disclaimers provided in the Second Report also apply to this Second Report Supplement.
- 3 Background information in respect of the Respondents and the Receivers’ appointment is provided in the First Report to the Court of the Receiver dated June 22, 2017 (the “**First Report**”), the Supplement to the First Report to the Court dated June 29, 2017 (the “**Supplement to the First Report**”), and in the Second Report.
- 4 Copies of materials filed in these proceedings generally are available on the Receiver’s Case Website at www.grantthornton.ca/crystalwealth.
- 5 The purpose of this Second Report Supplement is to:
 - a) inform and update the Court on the Receiver’s continued negotiations with respect to the remaining Cash Purchase Offer, as referenced at paragraph 450 of the Second Report, which negotiations have culminated in:
 - i. an Asset Purchase Agreement dated February 2, 2018 being entered into between the Receiver and Bron Releasing Inc. (“**BRI**”) (the “**APA**”), attached hereto as **Confidential Appendix “1”**, with a redacted version attached hereto as **Appendix “1”**; and
 - ii. an Assignment Agreement (to be dated) being entered into between the Receiver, as assignee, and Bron Studios Inc. (“**BSI**”) and Bron Animation Inc. (“**BAI**”), each as assignors, (the “**Assignment Agreement**”), attached hereto as **Appendix “2”**, which Assignment Agreement is conditional upon the completion of the transaction set out in the APA;

- b) request that the Court issue an order, substantially in the form attached as Schedule “B” to the APA: (i) approving the APA; (ii) authorizing the Receiver to complete the transaction contemplated therein; and (iii) vesting in BRI all of the rights, title and interests in and to the Sale Assets (as defined in the APA), subject to the terms of the APA;
- c) request that the Court issue an order approving the Assignment Agreement, and authorizing the Receiver to complete the transaction set out therein in accordance with the terms of the Assignment Agreement; and
- d) request that the Court issue an order sealing the Confidential Appendices of this Second Report Supplement until further Order of the Court.

THE APA

- 6 As indicated in paragraph 450 of the Second Report, as at the date of the Second Report, the Receiver was in the process of advancing negotiations with respect to a remaining Cash Purchase Offer which it received through the Sales Process, being an offer to purchase the Receiver’s right, title, and interest in and to the Media Loans of the Media Fund.
- 7 As will be detailed below, the Receiver has continued to negotiate the remaining Cash Purchase Offer, which has culminated in the APA being executed by the Receiver and BRI, as purchaser, on February 2, 2018.
- 8 As indicated in paragraph 215 of the Second Report, the Receiver engaged Quiver as an expert advisor (which engagement was approved by this Court) to assist the Receiver in its investigation and management of the Media Fund. As indicated in paragraph 218 of the Second Report, on November 22, 2017, Quiver provided the Quiver Report to the Receiver that, among other things:
 - a) outlined the nature of the Media Loans issued to the various production companies;
 - b) set out the collections received for Media Loans as at the date of the Quiver Report;

- c) provided an estimated value of the Gap Loans and Tax Credit Loans, and detailed the underlying methodology in determining the limited projected amounts which are reasonably likely to be recovered by the Media Fund with respect to the Media Loans; and
- d) recommended that the Receiver accept the amount being offered by BRI, being the Purchase Price as defined in the APA.

The Quiver Report, with its appendices, was attached as a confidential appendix to the Second Report and was sealed until further Order of the Court pursuant to the Order of the Honourable Justice Myers issued December 11, 2017. For the Court's convenience, a copy of the Quiver Report and its Appendix D, as sealed, will be separately filed by the Receiver as part of the motion record related to this Report, in a sealed envelope as **Sealed Appendix "1"**.

- 9 On the basis of the projected value/limited likelihood of recovery of the Media Loans as detailed in the Quiver Report, as well as the lack of any other offers for the purchase of the Media Loans through the Sales Process, the Receiver continued negotiations with BRI in an effort to finalize the terms of an agreement with BRI.
- 10 Such negotiations ultimately resulted in the execution of the APA dated February 2, 2018. The deposit required under the APA has been paid. In order for the transaction contemplated by the APA to be completed, it is a condition of the APA that an Approval and Vesting Order, substantially in the form attached as Schedule "B" to the APA, be issued by the Court. This form of Approval and Vesting Order is being sought on the present motion.
- 11 BRI is a British Columbia corporation, and its sole director is Aaron Gilbert ("**Gilbert**"). Both Gilbert and Steven Thibault ("**Thibault**") are authorized signatories for BRI. The Receiver understands that Gilbert is also the President, CEO, Chairman, and sole director of MHC, the entity which the Media Fund had engaged prior to the Receiver's Appointment to: (i) source potential Media Loans for investment by the Media Fund; and (ii) administer the Media Loans purchased by the Media Fund. The Receiver understands that Thibault was and/or remains employed by MHC, and that he was formerly the VP Finance at MHC. In addition, Gilbert was and/or continues to be a director of BSI and BAI.

- 12 Through the Creditor Claims Procedure authorized by this Court, BSI and BAI each filed Proofs of Claim (the “**Proofs of Claim**”), attached hereto as **Appendix “A”** and **Appendix “B”**, respectively, against Smith for personal loans advanced to him in the sum of \$8,512,592. According to the Proofs of Claim, as at August 3, 2017, Smith is indebted to BAI and BSI in the total sum of \$12,243,455 given accrued interest on the outstanding indebtedness.
- 13 The Receiver required that, as a condition of entering into the APA, BSI and BAI each assign their rights, title and interest under the Proofs of Claim to the Receiver. BSI and BAI each agreed, and have executed the Assignment Agreement along with the Receiver, which is being held in escrow and will become effective only upon the completion of the APA transaction.
- 14 The Receiver required that the Assignment Agreement be entered into as a result of: (i) concerns raised in the Commission Affidavits (as defined in the First Report) about funds which were traced from the Media Fund to either MHC or BAI, and which ultimately appeared to be traced to Smith or his holding company, CLJ Everest, which concerns are disputed by Bron; and (ii) the particulars submitted in the Proofs of Claim, which provided that BSI and BAI made loans to Smith. The assignment of the Proofs of Claim could thus result in additional monies being recovered by the Receiver in respect of such funds.

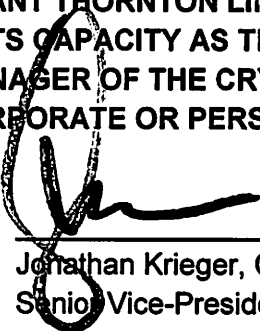
CONCLUSION

- 15 The Receiver conducted a fulsome Sales Process which elicited an offer from BRI and its affiliates. The Purchase Price contained in the APA is for an amount which the Receiver considers to be reasonable in the circumstances based upon the analysis and conclusions provided in the Quiver Report given the likelihood of recovery on the Gap Loans and certain Tax Credit Loans.
- 16 Furthermore, if the APA is approved and the transaction thereby completed, the Receiver will receive the benefits of any recovery which may be obtained as a result of the Assignment Agreement.

- 17 The Receiver considers the terms of the APA and the Assignment Agreement to be reasonable in the circumstances. It is the Receiver's view and recommendation that Court approval of the APA and the Assignment Agreement is likely to yield the best recovery on the Media Loans, and in turn, for investors of the Media Fund.
- 18 Accordingly, the Receiver is seeking an order approving the APA and the Assignment Agreement.
- 19 The Receiver is also seeking an order sealing the Confidential Appendices, which contain certain commercially-sensitive information related to pricing, the release of which could prejudice the Crystal Wealth Group's stakeholders if the transaction contemplated by the APA is not completed.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 8th day of February, 2018.

**GRANT THORNTON LIMITED,
IN ITS CAPACITY AS THE COURT-APPOINTED RECEIVER AND
MANAGER OF THE CRYSTAL WEALTH GROUP, AND NOT IN ITS
CORPORATE OR PERSONAL CAPACITY**

Per: 

Jonathan Krieger, CPA, CA, CIRP, LIT
Senior Vice-President

TAB 1

ASSET PURCHASE AGREEMENT

THIS AGREEMENT made this 2nd day of February, 2018

BETWEEN:

GRANT THORNTON LIMITED, in its capacity as Court-appointed receiver of the assets, properties and undertakings of the entities listed on Schedule "A" attached hereto (collectively and individually, the "**Debtor(s)**"), and not in its personal or corporate capacity

(herein called the "**Receiver**")

OF THE FIRST PART.

- and -

BRON RELEASING INC., a corporation incorporated under the laws of the Province of British Columbia

(herein called the "**Buyer**")

OF THE SECOND PART.

- A. **WHEREAS** on April 26, 2017, Grant Thornton Limited was appointed receiver and manager of all of the assets, undertakings and properties of the Debtor pursuant to an order (the "**Appointment Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**").
- B. **AND WHEREAS** pursuant to the Appointment Order, the Receiver was authorized to, among other things, undertake the marketing and sale of the assets, undertakings and properties of certain of the Debtors.
- C. **AND WHEREAS** on June 30, 2017, the Court approved a sale process for the assets, undertakings and properties of certain of the Debtors (the "**Sale Process Order**"). The Sale Process Order and the sale process approved therein govern the process for soliciting and selecting offers for the sale of the assets, undertakings and properties of certain of the Debtors.
- D. **AND WHEREAS** the Receiver has solicited offers for the Sale Assets (as hereinafter defined) and the Buyer hereby submits this offer to acquire from the Receiver all of the right, title and interest in and to the Sale Assets (as hereinafter defined) on the terms and conditions set out herein (the "**Offer**").

NOW THEREFORE, in consideration of the foregoing and their respective representations, warranties, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**ARTICLE 1
OFFER AND ACCEPTANCE**

- 1.1 **Offer to Purchase.** The Buyer hereby offers to purchase from the Receiver the Sale Assets, upon and subject to the following terms and conditions, such offer to be irrevocable until 5:00 p.m. (Toronto time) on Monday, February 5, 2018. Within 5 Business Days of acceptance of this Offer by the Receiver, the Buyer shall pay a deposit, payable to the order of the Receiver, in trust, by wire transfer to the account specified by the Receiver, in the amount of \$ [REDACTED] for the Sale Assets (the “**Deposit**”) to be invested in an interest-bearing account with a Canadian bank and otherwise to be dealt with in accordance with the provisions of this Agreement.
- 1.2 **Acceptance of Offer.** Upon acceptance of this Offer by the Receiver, this Offer shall constitute a binding agreement to acquire the Sale Assets on and subject to the terms of this Agreement.

**ARTICLE 2
PURCHASE AND SALE OF ASSETS**

- 2.1 **Purchase and Sale.** At Closing, the Receiver shall sell, transfer, convey and assign to the Buyer, subject to Sections 2.3 and 2.5, free and clear of all Liens, and the Buyer shall purchase and acquire from the Receiver, all the right, title and interest in and to the following (collectively, the “**Sale Assets**”):
- (1) the Loan Agreements;
 - (2) the Security Agreements;
 - (3) the Loan Documents;
 - (4) the Indebtedness;
 - (5) the Assumed Contracts;
 - (6) the Books and Records;
 - (7) the Claims which are not Excluded Claims, including the right to threaten, initiate, commence, continue, prosecute, compromise, settle and/or conclude such Claims which are not Excluded Claims; provided, however, that in no event will the Buyer be permitted to initiate or conclude any proceedings, legal, equitable or otherwise against the Receiver other than as may be permitted under s. 11.2 of this Agreement;
 - (8) all amounts due and to become due or recoverable at and after the Closing Time under or in connection with the Loan Agreements, the Security Agreements, the Loan Documents, the Indebtedness, the Assumed Contracts and the Claims which are not Excluded Claims, and the right to receive same from and after the Closing Time; and

- (9) all cash and non-cash proceeds of any of any of the foregoing received at or after the Closing Time.

2.2 Assumed Obligations. On the terms and subject to the conditions of this Agreement, the Buyer agrees, effective at the Closing Time to assume and be responsible for and thereafter honour and perform the following obligations of the Crystal Wealth Media Strategy (the “**Media Fund**”) or any other Debtor (the “**Assumed Obligations**”):

- (1) all of the obligations of the Media Fund or any other Debtor as a lender and a creditor under the Loan Agreements, the Security Agreements and the Loan Documents;
- (2) all of the obligations of the Media Fund or any other Debtor under the Assumed Contracts;
- (3) any and all debts, liabilities and obligations of the Media Fund or any other Debtor arising from the Sale Assets not contemplated by Section 2.2(1) or Section 2.2(2);
- (4) all liabilities of the Media Fund or any other Debtor relating to Taxes for which the Buyer is responsible pursuant to Section 3.2; and
- (5) any other obligations expressly assumed under this Agreement.

In addition to any other provision for indemnification by the Buyer contained in this Agreement, the Buyer will, from and after the Closing Time, indemnify and save harmless the Receiver on its own behalf and as trustee for its Affiliates and their current and former directors and officers, employees, agents, advisors and representatives and the Debtor (collectively, the “**Indemnitees**”) from and against all Claims asserted against any of the Indemnitees directly or indirectly arising from or relating to the Assumed Obligations. Notwithstanding anything to the contrary in this Agreement (including this Section 2.2), the Buyer shall not assume, indemnify or otherwise be liable for any obligations, debts or liabilities of any Person arising as a result of or relating to the conduct of the Receiver or its Affiliates, including their respective directors, officers, employees, agents, advisors and representatives.

2.3 Excluded Claims. Notwithstanding anything to the contrary in this Article 2, (i) the Receiver shall not sell, transfer, convey or assign to the Buyer and the Buyer shall not purchase or acquire from the Receiver any right, title or interest in or to Claims which are Excluded Claims or any proceeds therefrom, and (ii) the term “Sale Assets” shall not include Claims which are Excluded Claims or any proceeds therefrom. The Receiver and Buyer agree that nothing in this Agreement shall restrict the Receiver’s right to, directly or indirectly, threaten, initiate, commence, continue, prosecute, compromise, settle and/or conclude any and all Excluded Claims (including, without limiting the generality of the foregoing, any claim, proceeding, action, cross-claim, counterclaim, third party action or application) against any Third Party, regardless of what claims or proceedings may consequently be made, brought or commenced by the Third Party as against any other Person or entity (whether for contribution, indemnity or any other relief), including

without limitation as against the Buyer, its parent or subsidiaries or their respective Affiliates (individually a “**Bron Party**” and collectively the “**Bron Parties**”); provided that if the Receiver commences or continues an Excluded Claim against a Third Party (other than an Excluded Claim against the Debtors’ past and/or present auditor(s), which claim by the Receiver shall not be limited in any way by this Agreement, and the remainder of this Section 2.3 shall accordingly not apply to such a claim) and such Third Party asserts a Third Party Claim Over, the Receiver shall immediately reduce and limit the relief sought against the Third Party so that there is no Third Party Claim Over and, to the extent there is ever any judgment or order in favour of any Third Party in respect of a Third Party Claim Over, the Receiver will waive that part of any order or judgment in its favour so that there is no recovery by the Third Party or the Receiver against any Bron Party in respect of any Third Party Claim Over.

- 2.4 **Excluded Liabilities.** Except for the Assumed Obligations, the Buyer shall not assume or be liable for any liabilities or obligations, absolute, contingent, accrued, known or unknown, which, for greater certainty, shall include but not be limited to any and all debts, liabilities and obligations of the Receiver, the Media Fund or any other Person in respect of any motions, causes of action, litigation proceedings, lawsuits, court proceedings or proceedings before any governmental authority or tribunal against the Receiver, the Media Fund or any Person arising from or relating to the Sale Assets prior to the Closing Time.
- 2.5 **Production Liens Unaffected.** Nothing in this Agreement or the Approval and Vesting Order shall affect the Production Liens, including the relative priority thereof.

ARTICLE 3 PURCHASE PRICE AND PAYMENT

- 3.1 **Purchase Price.** The purchase price for the Sale Assets (the “**Purchase Price**”) shall be an amount equal to the aggregate of the following amounts plus applicable Taxes, if any, and shall be payable at the Closing Time:
- (1) \$ [REDACTED] (the “**Cash Portion of the Purchase Price**”), payable as follows:
 - (a) as to the amount of the Deposit, by applying the Deposit toward the Purchase Price at the Closing Time; plus
 - (b) as to the balance of the Cash Portion of the Purchase Price, by bank draft or wire transfer at Closing; and
 - (2) by the assumption of the Assumed Obligations.
- 3.2 **Allocation of Transfer Taxes and Fees; Tax Returns.** The Buyer is responsible for and shall pay to the Receiver or as otherwise required by Applicable Law all GST/HST, sales and transfer Taxes and all filing fees and documentary fees or Taxes payable in connection with the purchase and sale of the Sale Assets to the Buyer pursuant to this Agreement. The Buyer and the Receiver shall reasonably cooperate in making available elections or providing any available resale exemption certificate or other similar

documentation. Notwithstanding the Buyers' liability therefor, the party that is required by Applicable Law to make the filings, reports or returns and to handle any audits or controversies with respect to any of the foregoing Taxes shall do so, and the other party shall reasonably cooperate with respect thereto as necessary. The Buyer shall indemnify and save harmless the Indemnitees from all Claims incurred, suffered or sustained as a result of a failure by the Buyer to pay any of the foregoing Taxes or to file any filings, report or returns with respect to any of the foregoing Taxes. For greater certainty, the Purchase Price is exclusive of any applicable GST/HST. The Buyer and the Receiver take the view that GST/HST is not exigible on the transfer of the Sale Assets, and the Receiver shall not collect on Closing any GST/HST from the Buyer in respect of the transfer of the Sale Assets to the Buyer. The Buyer shall nevertheless fully indemnify the Receiver on demand for any GST/HST plus interest and penalty that the Canada Revenue Agency may assess in connection with the transfer of the Sale Assets to the Buyer. This indemnity shall survive Closing.

- 3.3 **Assumption and Assignment of Contracts.** Upon acceptance of the Offer and until Closing, the Buyer, with the Receiver's prior written consent and cooperation, shall use all reasonable commercial efforts to obtain any required consents to the assignment to the Buyer of any of the Sale Assets and the Receiver shall provide its reasonable cooperation in assisting the Buyer in obtaining such consents. In the event that consent to the assignment to the Buyer of any of the Sale Assets cannot be obtained upon terms satisfactory to the parties acting reasonably, nothing in this Agreement shall be considered as an assignment of such Sale Asset and the Buyer shall have no liability or obligation whatsoever in respect of such Sale Asset.

ARTICLE 4 CLOSING

- 4.1 **Closing.** Consummation of the transactions contemplated by this Agreement shall occur at 10:00 a.m. (Toronto time) (the "**Closing Time**") on the Business Day that is three Business Days after all conditions to closing have been satisfied or waived, which date shall be no later than March 23, 2018 (the "**Closing Date**"), at the offices of the Receiver's counsel Aird & Berlis LLP in Toronto, Ontario, or at such time and place as the Buyer and the Receiver may otherwise agree.
- 4.2 **Deliveries by the Receiver at Closing.** At Closing, the Receiver shall:
- (1) execute, acknowledge, make and deliver to the Buyer the following:
 - (a) an Assignment and Assumption Agreement pursuant to which the Buyer shall be assigned the Sale Assets and shall assume the Assumed Obligations, in form and in substance satisfactory to the parties acting reasonably (the "**Assignment and Assumption Agreement**");
 - (b) a certificate by a senior officer of the Receiver, in his or her capacity as such and without personal liability, certifying that the representations and warranties of the Receiver set out herein are true and correct in all material respects at the Closing Time (unless they are expressed to be made only as

of an earlier fixed date, in which case they need be true and correct only as of such earlier date);

- (c) a true and complete copy of the issued and entered Approval and Vesting Order as issued by the Court;
 - (d) an executed copy of the Receiver's Certificate; and
 - (e) such certificates, statutory declarations, consents, acknowledgements and other documents as the Buyer may require, acting reasonably, to give effect to the Receiver's obligations hereunder and under the Ancillary Agreements; provided, however, that in the event that any consents with respect to the Sale Assets are not received on or prior to the Closing Date, such lack of consents shall not constitute a failure to fulfill this condition.
- (2) covenant to provide the Buyer, until the first to occur of: (a) one (1) year following the Closing Date; and (b) the discharge of the Receiver from its role as Court-appointed receiver of the assets, properties and undertakings of the Debtors, with reasonable access to the Sale Assets where they have not been already provided to the Buyer.

4.3 Deliveries by the Buyer at Closing. At Closing, the Buyer shall execute, acknowledge, make and deliver to the Receiver the following:

- (1) payment of the balance of the Cash Portion of the Purchase Price required to be paid on Closing pursuant to Section 3.1(1)(a), net of the Deposit, which shall be paid to the Receiver by cash payment by bank draft or wire transfer in immediately available funds to an account designated by the Receiver to Buyer;
- (2) a duly executed Assignment and Assumption Agreement;
- (3) a certificate by a senior officer of Buyer, in his or her capacity as such and without personal liability, certifying that the representations and warranties of Buyer set out herein are true and correct in all material respects at the Closing Time (unless they are expressed to be made only as of an earlier fixed date, in which case they need be true and correct only as of such earlier date);
- (4) a certificate acknowledging that all conditions to Closing have been satisfied or waived;
- (5) payment of all transfer Taxes payable pursuant to Section 3.3, if any; and
- (6) such certificates, statutory declarations, consents, acknowledgments and other documents as the Receiver may require, acting reasonably, to give effect to the Buyer's obligations hereunder and under the Ancillary Agreements.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES OF THE RECEIVER

The Receiver represents and warrants to the Buyer as follows:

- 5.1 **Authority.** Subject to the entry of the Approval and Vesting Order and any other orders required by the Court in connection with the transactions contemplated herein, the Receiver has the authority to sell the Sale Assets to the Buyer, to enter into and consummate this Agreement and the Ancillary Agreements, and to complete the transactions contemplated hereby and thereby.
- 5.2 **Execution and Delivery.** Subject to the entry of the Approval and Vesting Order and any other orders required by the Court in connection with the transactions contemplated herein, this Agreement constitutes a legal and binding agreement of the Receiver enforceable against the Receiver in accordance with its terms.
- 5.3 **"As Is", "Where Is".** Except as expressly provided in Article 5, no representation, warranty or condition whether statutory (including under the *Sale of Goods Act* (Ontario), the *International Sale of Goods Contracts Convention Act* (Canada) and the *International Sale of Goods Act* (Ontario) or any international equivalent act which may be applicable to the subject matter pursuant to the provisions of this Agreement, including but not limited to the *United Nations Convention on Contracts for the International Sale of Goods*), or express or implied, oral or written, legal, equitable, conventional, collateral, arising by custom or usage of trade, or otherwise is or will be given including as to title, outstanding liens or encumbrances, description, fitness for purpose, merchantability, merchantable quality, quantity, condition (including physical and environmental condition), suitability, durability, assignability, or marketability thereof or any other matter or thing whatsoever, and all of the same are expressly excluded and disclaimed and any rights pursuant to such statutes have been waived by the Buyer.
- 5.4 **Disclaimer of Representations and Warranties.** EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE RECEIVER HAS NOT MADE ANY, AND THERE ARE NO, REPRESENTATIONS, WARRANTIES OR CONDITIONS, WHETHER EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, RELATING TO THE SALE ASSETS, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO TITLE, DESCRIPTION, QUANTITY, CONDITION, QUALITY, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, AND ANY AND ALL CONDITIONS AND WARRANTIES EXPRESSED OR IMPLIED BY ANY SALE OF GOODS LEGISLATION DO NOT APPLY TO THE SALE OF THE SALE ASSETS AND ARE HEREBY WAIVED BY THE BUYER.
- 5.5 **Termination of Representations and Warranties Upon Closing.** The representations and warranties of the Receiver in this Agreement and each Ancillary Agreement, and the Receiver's covenants in Articles 7.2, shall be true and correct in all material respects on and as of the Closing Time with the same effect as if made on and as of such time. The sole remedy that shall be available to the Buyer as a result of a material breach by the Receiver of such representations, warranties or covenants shall be termination pursuant to Section 11.1(2). The representations and warranties of the Receiver in this Agreement

and each Ancillary Agreement do not merge on Closing and shall survive until the first to occur of: (a) one (1) year following the Closing Date; and (b) the discharge of the Receiver from its role as Court-appointed receiver of the assets, properties and undertakings of the Debtor, and thereafter shall be of no further force or effect.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Receiver as follows:

- 6.1 **Organization and Power.** The Buyer is a corporation validly existing under the laws of its jurisdiction of incorporation.
- 6.2 **Authority.** The Buyer has the requisite power and authority to execute this Agreement and the Ancillary Agreements and to complete the transactions contemplated hereby and thereby.
- 6.3 **Execution and Delivery.** The execution and delivery of this Agreement and the completion of the transactions contemplated hereby by the Buyer has been duly authorized by all necessary corporate action, and the execution, delivery and performance of the Ancillary Agreements by the Buyer has been or will be authorized by all necessary corporate action prior to the Closing Date. Subject to the entry of Approval and Vesting Order, this Agreement constitutes, and upon execution and delivery of each of the Ancillary Agreements such agreements will constitute, valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms.
- 6.4 **ETA Registration.** The Buyer is a registrant for the purposes of the *Excise Tax Act* (Canada) whose registration number is 851214734 RT0001.
- 6.5 **Not a Non-Canadian.** The Buyer is not a non-Canadian for the purposes of the *Investment Canada Act* (Canada).
- 6.6 **"As Is, Where Is".**
 - (a) The Buyer acknowledges and agrees that it is purchasing the Sale Assets on an "as is, where is" basis and on the basis that the Buyer has conducted to its satisfaction an independent inspection, investigation and verification of the Sale Assets (including a review of title), Assumed Obligations and all other relevant matters and has determined to proceed with the transaction contemplated herein and will accept the same at the Time of Closing in their then current state, condition, location, and amounts. The Buyer acknowledges and agrees that it has relied entirely and solely on its own investigations as to the matters set out above and in determining to purchase the Sale Assets and assume the Assumed Obligations pursuant to this Agreement.
 - (b) The description of the Sale Assets and Assumed Obligations contained herein is for the purpose of identification only and the inclusion of any

item in such description does not confirm the existence of any such items or that any such item is owned by the Media Fund. Except as otherwise explicitly set forth in Article 5, no representation, warranty or condition has been given by the Receiver concerning the completeness or accuracy of such descriptions and the Buyer acknowledges and agrees that any other representation, warranty, statements of any kind or nature, express or implied, (including any relating to the future or historical financial condition, results of operations, prospects, assets or liabilities of the Media Fund or the quality, quantity or condition of the Sale Assets) are specifically disclaimed by the Receiver.

- (c) Any documents, materials and information provided by or on behalf of the Receiver to the Buyer with respect to the Sale Assets or Assumed Obligations (including any confidential information memorandums, management presentations, or material made available in the electronic data room) have been provided to the Buyer solely to assist the Buyer in undertaking its own due diligence, and the Receiver has not made and is not making any representations or warranties, implied or otherwise, to or for the benefit of the Buyer as to the accuracy and completeness of any such documents, materials or information or the achievability of any valuations, estimates or projections. The Buyer acknowledges that it has not and will not rely upon any such documents, materials or information in any manner, whether as a substitute for or supplementary to its own due diligence, searches, inspections and evaluations. The Receiver and its respective affiliates, directors, officers, employees, agents and advisors shall not be liable for any inaccuracy, incompleteness or subsequent changes to any such documents, materials or information.

- 6.7 **No Litigation.** No material suit or other material proceeding initiated by any Person is pending before any court or governmental authority seeking to restrain or prohibit or declare illegal the purchase and sale contemplated by this Agreement.
- 6.8 **No Consents.** No authorizations, consents or approvals of, or filing with or notice to, any Governmental Authority is required in connection with the execution, delivery or performance of this Agreement. Except for the Approval and Vesting Order, no consent, waiver, authorization or approval of any Person and no declaration to or filing or registration with any Governmental Authority is required in connection with the execution and delivery by the Buyer of this Agreement.
- 6.9 **Sufficiency of Funds.** The Buyer has available and at the Time of Closing will have, sufficient funding to enable the Buyer to consummate the purchase of the Sale Assets and the assumption of the Assumed Obligations on Closing on the terms set forth herein and otherwise to perform all of the Buyer's obligations under this Agreement.
- 6.10 **Termination of Representations and Warranties Upon Closing.** The representations and warranties of the Buyer in this Agreement and each Ancillary Agreement shall be true and correct as of the Closing Time in all material respects with the same effect as if made on and as of such time. The sole remedy that shall be available to the Receiver as a

result of a material breach by the Buyer of such representations and warranties shall be termination pursuant to Section 11.1(3). The representations and warranties of the Buyer in this Agreement and each Ancillary Agreement do not merge on Closing and shall survive until the first to occur of: (a) one (1) year following the Closing Date; and (b) the discharge of the Receiver from its role as Court-appointed receiver of the assets, properties and undertakings of the Debtor, and thereafter shall be of no further force or effect.

ARTICLE 7 COVENANTS OF THE RECEIVER

The Receiver covenants and agrees with the Buyer that:

- 7.1 **Commercially Reasonable Efforts.** The Receiver shall use its commercially reasonable efforts to cause, to the extent within the Receiver's reasonable control, the conditions set forth in Article 9 to be satisfied and to facilitate and cause the consummation of the transactions contemplated hereby.
- 7.2 **New Commitments.** Without the prior written consent of the Buyer, except as may be required by the Court or Applicable Law, the Receiver shall not prior to the Closing (i) enter into any new agreement or commitment outside of the ordinary course of business with respect to the Sale Assets, (ii) modify or terminate any existing agreements relating to the Sale Assets outside of the ordinary course of business, or (iii) encumber, sell or otherwise dispose of any of the Sale Assets.
- 7.3 **Business Records.** Prior to Closing, the Receiver shall afford the Buyer and its employees, agents, counsel, accountants or other representatives reasonable access to the Sale Assets during normal business hours, including all books and records whether retained by the Receiver or otherwise and furnish such information relating to the Sale Assets as the Buyer from time to time reasonably requests.

ARTICLE 8 COVENANTS OF THE BUYER

The Buyer covenants and agrees with the Receiver that:

- 8.1 **Commercially Reasonable Efforts.** The Buyer shall use its commercially reasonable efforts (i) to cause, to the extent within the Buyer's reasonable control, the conditions set forth in Article 9 to be satisfied, (ii) to facilitate and cause the consummation of the transactions contemplated hereby, and (iii) to assist and cooperate with the Receiver in obtaining any consents or approvals required in connection with the transactions contemplated hereby, including the approval of the Court.
- 8.2 **Preservation of Records.** The Buyer will preserve any Books and Records delivered to it at the Time of Closing for a period of six years from the Closing Date, or for such other period as is required by any Applicable Law, and will afford the Receiver and its

employees, agents, counsel, accountants or other representatives reasonable access to the Books and Records during normal business hours, whether retained by the Buyer or otherwise and furnish such information relating to the Sale Assets as the Receiver from time to time reasonably requests, and the right to make copies thereof at the Receiver's expense.

- 8.3 **PIPEDA Compliance.** The Buyer will comply with the *Personal Information Protection and Electronic Documents Act* (Canada) and other similar Applicable Laws relating to privacy and the protection of personal information in respect of the Books and Records, Contracts and any other business and financial records related to the Sale Assets.

ARTICLE 9 CONDITIONS TO CLOSING

- 9.1 **The Receiver's Conditions to Closing.** The obligations of the Receiver at Closing are subject to the satisfaction at Closing of the following conditions, which may be waived in whole or in part by the Receiver by written notice to the Buyer prior to Closing:
- (1) all representations and warranties of the Buyer contained in this Agreement shall be true in all material respects at and as of Closing and the Buyer shall have performed and satisfied in all material respects (other than payment of any amount payable at Closing, which shall be paid in full) all material obligations required by this Agreement to be performed and satisfied by the Buyer at or prior to Closing. The Buyer shall have provided the Receiver with a certificate executed by a responsible officer of the Buyer to such effect;
 - (2) the Buyer will have performed or complied in all material respects with all of the obligations and covenants of this Agreement to be performed or complied with by the Buyer at or prior to the Time of Closing;
 - (3) to the knowledge of the Receiver, no material suit or other material proceeding initiated by any Person shall be pending before any court or governmental authority seeking to restrain or prohibit or declare illegal the purchase and sale contemplated by this Agreement;
 - (4) the issuance of and the entry by the Court of the Approval and Vesting Order and the Approval and Vesting Order shall be a Final Order; and
 - (5) the Buyer shall have made the payments and delivered the documents referred to in Section 4.2(2).
- 9.2 **Buyer's Conditions to Closing.** The obligations of the Buyer at Closing are subject to the satisfaction at Closing of the following conditions, which may be waived in whole or in part by the Buyer by written notice to the Receiver prior to Closing:
- (1) all representations and warranties of the Receiver contained in this Agreement shall be true in all material respects at and as of Closing and the Receiver shall have performed and satisfied in all material respects all material obligations

required by this Agreement to be performed and satisfied by the Receiver at or prior to Closing;

- (2) the Receiver will have performed or complied in all material respects with all of the obligations and covenants of this Agreement to be performed or complied with by the Receiver at or prior to the Time of Closing;
- (3) to the knowledge of the Buyer, no material suit or other material proceeding initiated by any Person shall be pending before any court or governmental authority seeking to restrain or prohibit or declare illegal the purchase and sale contemplated by this Agreement;
- (4) the issuance of and entry by the Court of the Approval and Vesting Order and the Approval and Vesting Order shall be a Final Order; and
- (5) the Receiver shall have delivered the documents referred to in Section 4.2.

ARTICLE 10 OBLIGATIONS AFTER CLOSING

The parties shall have the following obligations after Closing:

- 10.1 Execution and Delivery of Instruments.** The Receiver and the Buyer shall each execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such instruments and take such other actions as may be necessary or advisable to carry out their obligations under this Agreement, the Ancillary Agreements or any document, certificate or other instrument delivered pursuant hereto or thereto or required by Applicable Law.

ARTICLE 11 TERMINATION

- 11.1 Termination.** The Agreement may be terminated as follows:

- (1) by either the Buyer or the Receiver at its option, if Closing shall not have occurred on or prior to March 23, 2018, unless Closing is extended by mutual written agreement of the parties, or with the approval of the Court; *provided*, that the Buyer or the Receiver, as the case may be, shall not be entitled to terminate this Agreement pursuant to this Section 11.1(1) if the failure of the Closing to occur on or prior to such date results primarily from such party itself breaching any representation, warranty or covenant contained in this Agreement;
- (2) by the Buyer, by written notice given to the Receiver at or before Closing, if there has been (i) a material breach by the Receiver of any of its representations and warranties herein or (ii) a material failure on the part of the Receiver to comply with its obligations herein; provided, that in each case such breach or failure to comply is not cured within five (5) Business Days after written notice thereof and, in any event, prior to Closing;

- (3) by the Receiver, by written notice given to the Buyer at or before Closing, if there has been (i) a material breach by the Buyer of any of its representations and warranties herein or (ii) a material failure on the part of the Buyer to comply with its obligations herein; provided, that in each case such breach or failure to comply is not cured within five (5) Business Days after written notice thereof and, in any event, prior to Closing;
- (4) by either the Receiver or Buyer if there shall be in effect a Final Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby; or
- (5) mutual written agreement of the Receiver and the Buyer.

11.2 Effect of Termination. Upon the termination of this Agreement in accordance with Section 11.1, the parties shall be relieved of any further obligations or liability under this Agreement other than (i) any obligations for breaches of this Agreement occurring prior to such termination, (ii) any other obligations which by their terms survive or are to be performed after such termination and (iii) Article 13. If this Agreement is terminated by the Receiver pursuant to Section 11.1(3), the Deposit and all interest earned thereon shall be paid to the Receiver as liquidated damages, which liquidated damages shall be the Receiver's sole and exclusive remedy for any breach by the Buyer. If this Agreement is terminated pursuant to any other provision of this Agreement, the Deposit shall be repaid to the Buyer together with all interest earned thereon in accordance with the written instructions of the Buyer.

ARTICLE 12

APPROVAL AND VESTING ORDER

12.1 Approval and Vesting Order. Upon the execution of this Agreement:

- (1) the Receiver shall use all reasonable efforts to obtain an order or orders of the Court, substantially in the form attached hereto as Schedule "B" (with only such changes as the Receiver and the Buyer shall approve in their reasonable discretion, but in all cases in form and substance acceptable to the Receiver and the Buyer, the "**Approval and Vesting Order**") (i) approving this Agreement and the transactions contemplated by this Agreement; (ii) and vesting in the Buyer all of the right, title and interest in and to the Sale Assets subject to Section 2.5, free and clear of all Liens, such vesting to occur upon the delivery by the Receiver to the Buyer of the Receiver's certificate (the "**Receiver's Certificate**"); the Receiver shall consult and co-ordinate with the Buyer and their respective legal advisors regarding the parties upon whom the motion seeking the Approval and Vesting Order will be served and the manner and timing of service, provided that the motion seeking the Approval and Vesting Order shall be served upon such parties not less than seven (7) Business Days prior to the scheduled date for hearing of the motion;
- (2) the Receiver shall provide to the Buyer: (i) not less than two (2) Business Days before service thereof, a draft of all affidavits, reports and other materials to be

served by it in connection with the motion seeking the Approval and Vesting Order, and (ii) promptly upon receipt, a copy of all materials received by the Receiver or filed with the Court in response or opposition to the motion seeking the Approval and Vesting Order; and

- (3) the Buyer shall cooperate with the Receiver in its efforts to obtain the Approval and Vesting Order, and shall use reasonable commercial efforts to provide or cause to be provided to the Receiver at the Receiver's request all certificates, affidavits or other documents and instruments reasonably required by the Receiver to obtain the Approval and Vesting Order.

ARTICLE 13 GENERAL PROVISIONS

- 13.1 Notice.** All notices hereunder shall be in writing, dated and signed by the party giving the same. Each notice shall be either (i) delivered in person to the address of the party for whom it is intended at the address of such party as shown below, or (ii) sent by e-mail or fax. The effective date of such notice shall be the date of delivery thereof, or if such date is not a business day, on the next business day following. The addresses of the parties, until changed by notice in accordance with the foregoing, are:

- (1) Receiver:

Grant Thornton Limited
200 King Street West,
11th Floor
Toronto, ON
M5H 3T4

Email: Bruce.Bando@ca.gt.com
Fax: 416.360.4949
Attn: Bruce S. Bando

With a copy to:

Aird & Berlis LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON
M5J 2T9

Email: sgraff@airdberlis.com; mvanzandvoort@airdberlis.com;
jmerk@airdberlis.com
Fax: 416.863.1515
Attn: Steven Graff; Mark van Zandvoort; Jeffrey Merk

- (2) Buyer:

Bron Releasing Inc.
5542 Short Street
Burnaby, BC
V5J 1L9

Email: bri_ba@bronstudios.com
Attn: Business Affairs

With a copy to:

Fasken Martineau DuMoulin LLP
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20
Toronto, ON
M5H 2T6

Email: sbrotman@fasken.com/ndecicco@fasken.com
Fax: 416-364-7813
Attn: Stuart Brotman/Natasha De Cicco

- 13.2 **Amendment.** No amendment, supplement, modification, waiver or termination of this Agreement shall be effective unless in writing executed by the parties.
- 13.3 **Payment of Costs.** Each party shall pay its own costs incurred in negotiating this Agreement and in consummating the transactions contemplated hereby, including any fees or commission payable to any third party pursuant to any agreement or arrangement relating to this Agreement or the transactions contemplated hereby.
- 13.4 **Headings.** The headings of the Articles and Sections of this Agreement are for convenience of reference only and shall not affect the interpretation of any of the provisions of this Agreement.
- 13.5 **References.** References made in this Agreement, including use of a pronoun, shall be deemed to include, where applicable, masculine, feminine, singular or plural, individuals, partnerships or corporations. Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".
- 13.6 **Confidentiality.** Each of the Buyer and the Receiver covenants and agrees that neither it nor its respective Affiliates or representatives will disclose the existence or terms of this Agreement or the fact of its execution and delivery to any third party without the prior consent of the other party, which consent shall not be unreasonably withheld or delayed, except (a) as and to the extent required by Applicable Law, (b) to its directors, officers, employees, agents, managers and their representatives and Affiliates, (c) in the case of Receiver (subject to Section 12.1), (i) as may be required under the Sale Process Order, and (ii) in connection with seeking and obtaining the Approval and Vesting Order, or (d) as otherwise may be required by the Court. The Buyer and the Receiver will receive the written consent of the other, which consent shall not be unreasonably withheld,

conditioned or delayed, with respect to the issuance of any press release or other public statement regarding this Agreement and the transaction contemplated herein.

- 13.7 **Applicable Law.** This Agreement and the transactions contemplated hereby shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without giving effect to rules of conflict of laws. The parties agree and attorn to the non-exclusive jurisdiction of the courts in the Province of Ontario with respect to any matter arising out of or in respect of this Agreement or the transactions contemplated hereby.
- 13.8 **Dispute.** Any dispute arising out of or in connection with this Agreement shall be submitted to and finally resolved by a motion brought before the Court in the receivership proceeding in respect of the Debtor.
- 13.9 **Entire Agreement.** This Agreement and the Schedules attached hereto and the other agreements referred to herein constitute the entire agreement and understanding of the parties, and supersede any and all prior agreements, arrangements and understandings, whether oral or written, between the parties, with respect to the subject matter hereof or thereof.
- 13.10 **Binding Effect.** This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing contained in this Agreement, or implied herefrom, is intended to confer upon any other Person any benefits, rights, or remedies.
- 13.11 **Assignment.** Neither this Agreement nor any of the rights or obligations hereunder may be assigned or transferred, in whole or in part, by the Receiver or the Buyer without the prior written consent of the other party provided, however, that the Buyer may, upon giving notice to the Receiver at any time on or prior to the Closing Date, assign the Agreement or any of its rights hereunder to any Affiliate acceptable to the Receiver, acting reasonably but in no event will such assignment relieve Buyer of its obligations hereunder.
- 13.12 **Survival.** Except as otherwise provided in this Agreement, the representations and warranties of the parties contained in this Agreement shall merge on Closing and the covenants of the parties contained herein to be performed after the Closing, and the other provisions identified herein as surviving, shall survive Closing and remain in full force and effect.
- 13.13 **Time of the Essence.** Time shall be of the essence in respect of the obligations of the parties arising prior to Closing under this Agreement.
- 13.14 **Severability.** If a court of competent jurisdiction determines that any provision of this Agreement is void, illegal or unenforceable, the other provisions of this Agreement shall remain in full force and effect.
- 13.15 **Execution.** It is understood and agreed that this Agreement may be executed by the parties in separate counterparts, which together shall constitute one and the same

agreement. Delivery of an executed counterpart by facsimile or in PDF format shall have the same effect as delivery of an original.

- 13.16 **Status of the Receiver.** The Buyer acknowledges and agrees that, in carrying out and completing the transactions contemplated herein or exercising any rights, entitlements or benefits as seller under this Agreement, the Receiver is acting solely in its capacity as receiver and manager of the Debtor and not in its personal or corporate capacity and shall have no personal no corporate liability to the Buyer or any permitted assigns.
- 13.17 **Enforcement of Agreement.** Each of the parties acknowledges and agrees that each of the other parties would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement by a party could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which a party may be entitled under this Agreement, at law or in equity, it shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.
- 13.18 **Currency.** All references in this Agreement to payments in cash, unless otherwise specifically indicated, are to payments in lawful currency of Canada.

ARTICLE 14 DEFINITIONS

- 14.1 In this Agreement, the following terms have the following meanings:

“Affiliate” of any Person means any affiliate within the present meaning of the *Business Corporations Act* (Ontario).

“Agreement” means this asset purchase agreement constituted by the Receiver’s acceptance of the Offer including all appendices, schedules and all amendments or restatements, as permitted, and references to “Article”, “Section”, “Appendix” or “Schedule” mean the specified Article, Section, Appendix or Schedule to this Agreement.

“Ancillary Agreements” means any agreements between the parties required by this Agreement to be entered into at Closing.

“Applicable Law” means, with respect to any Person, any federal, provincial or local law, statute, code, ordinance, rule, regulation, or other lawful requirement applicable to such Person or its business, properties or assets, and includes any requirement at common law.

“Assumed Contracts” means all agreements or instruments entered into by the Media Fund, or Crystal Wealth Management System Limited on behalf of the Media Fund, in connection with the administration of the Loan Agreements, the Loan Documents, the Security Agreements or the Indebtedness including the Master Assignment Agreement

dated October 6, 2011 between MHC and Media Fund and the Production Loan Administration Agreement dated August 12, 2011 between MHC and Media Fund, as each of such agreements or instruments may be amended, modified or supplemented from time to time.

"Borrower(s)" refers to the Persons set out in and described in Schedule "C" attached hereto in the column called "Name of Borrower(s)"

"Books and Records" means all books and records, including all agreements, instruments, notes, financial information and correspondence files (together with, in the case of such information which is stored electronically, the media on which the same is stored) relating to or in respect of the Sale Assets.

"Bron Party" or "Bron Parties" has the meaning ascribed in Section 2.3.

"Business Day" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

"Claim" means any right or claim that may be asserted or made in whole or in part, whether or not asserted or made, in connection with, arising from or relating to the Loan Agreements, the Security Agreements, the Loan Documents, the Indebtedness or the Assumed Contracts and all terms and conditions thereof and transactions contemplated therein, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of statute, contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), or under the provisions of any statute, and, whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, surety, insurance deductible or otherwise, and whether or not such right is executory or anticipatory in nature including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or to be commenced in the future.

"Closing" means the time for completion of the transactions completed by this Agreement to be completed at Closing, or the completion of such transactions, as the context requires.

"Excluded Claims" means the right to initiate, continue, prosecute, compromise, settle, assert, and/or conclude any and all Claims against Persons other than the Subject Parties, which Persons include without limitation the Debtors' past and present auditor(s).

"Final Order" means, in respect of any order of the Court or any other court, the operation and effect of such order shall not have been stayed, amended, modified, reversed, dismissed or appealed (or any motion or other proceeding to stay, amend,

modify, reverse or dismiss such order or any such appeal shall have been dismissed with no further appeal therefrom, or the applicable appeal periods shall have expired).

“Governmental Authority” means any domestic or foreign legislative, executive, judicial or administrative body or person having jurisdiction in the relevant circumstances.

“Indebtedness” shall mean any and all debts, liabilities or obligations, direct, indirect, liquidated, unliquidated, contingent or other, including any obligation to pay principal, interest, charges and fees, and other obligations of the Obligor arising under, pursuant to or otherwise in respect of the Loan Agreements, the Security Agreements and the Loan Documents and the transactions contemplated therein, and any item or part of any thereof, including all indebtedness under or in respect of the items set out in Schedule “C” attached hereto.

“Liens” shall mean any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims or charges, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise imposed by any Person in any jurisdiction.

“Loan Agreements” shall mean the loan agreements between Media Fund or Media House Capital (Canada) Corp., as lender and the Obligor set out in and described in Schedule “C” attached hereto, as amended, modified or supplemented from time to time.

“Loan Documents” shall mean the Loan Agreements, the Security Agreements and any other agreement or instrument entered into in connection with any of the Loan Agreements, as amended, modified or supplemented from time to time, including those agreements or instruments included in the definition of “Loan Documents”, as such term is defined in each of the Loan Agreements.

“Media Fund” means Crystal Wealth Media Strategy (formerly named Crystal Wealth Strategic Yield Media Fund).

“MHC” means Media House Capital (Canada) Corp.

“Obligors” means the Persons set out in and described in Schedule “C” attached hereto in the column called “Name of Borrower(s)”, together with each other Person that has executed and delivered any Loan Agreements, Security Agreements or other Loan Documents, collectively or individually, as the context requires.

“Person” shall mean any individual, corporation, partnership, joint venture, trust, limited liability company, business association, governmental entity or other entity.

“Production Collateral” means the assets, undertakings and properties of the Obligors used or held for use by each such Obligor in the production of the film associated with it in Schedule “C” hereto and pledged as collateral to Production Secured Parties.

"Production Liens" means all Liens upon Production Collateral held by Production Secured Parties, and includes the obligations and indebtedness secured thereby.

"Production Secured Parties" means all bonding companies, completion guarantors, guilds, unions, production financiers, distributors and other Persons (excluding the Debtor and the Receiver) who have extended credit or other accommodations to the Obligors in connection with the production of the films listed on Schedule "C".

"Security Agreements" shall mean all of agreements or instruments executed and delivered by any Person as guarantee or security for the payment or performance of all or part of the obligations of the Obligor under any of the Loan Agreements or the Loan Documents, as amended, modified or supplemented from time to time.

"Subject Parties" shall mean: (i) the Bron Parties; (ii) the Borrowers; and (iii) all Persons who guaranteed or provided security for the payment or performance of all or part of the obligations of the Borrowers pursuant to the Loan Agreements, but only with respect to claims against such Persons pursuant to the guarantee or security so provided.

"Tax" or **"Taxes"** shall mean all taxes, charges, fees, levies, penalties or other assessments of any kind whatsoever imposed by an federal, provincial, local or foreign taxing authority, including, but not limited to, income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, including any interest, penalties or additions relating thereto.

"Third Party" shall mean any Person or entity, and includes without limitation the Debtors' past and present auditors, but shall exclude only the Subject Parties.

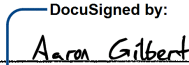
"Third Party Claim Over" means, in the context of an Excluded Claim commenced or continued by the Receiver against a Third Party (except as against the Debtors' past and/or present auditor(s)), any claim or proceeding (whether meritorious or not) by such Third Party for contribution, indemnity or any other relief over against a Bron Party, but excludes any such claim or proceeding, or any part thereof, where the grounds for the relief claimed against any Bron Party is in the nature of allegations of conspiracy, fraud or misrepresentation (excluding negligent misrepresentation).

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IN WITNESS WHEREOF the Buyer has executed this Agreement as of the date first written above.

BRON RELEASING INC.

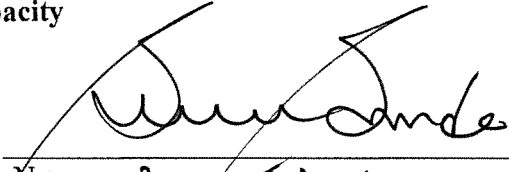
By:  DocuSigned by:
Name: 5E05B98C84DA4EB... Aaron Gilbert
Title: MD

By:  DocuSigned by:
Name: EF747CC77368451... Steven Thibault
Title: Authorized Signatory

I/We have authority to bind the corporation.

AGREED TO AND ACCEPTED by the undersigned as of the date first written above.

GRANT THORNTON LIMITED, in its capacity as Court-appointed receiver of the assets, properties and undertakings of the Debtors listed on Schedule "A" attached hereto, and not in its personal or corporate capacity

By: 
Name: Bruce S. Bando
Title: Vice President

IN WITNESS WHEREOF the Buyer has executed this Agreement as of the date first written above.

BRON RELEASING INC.

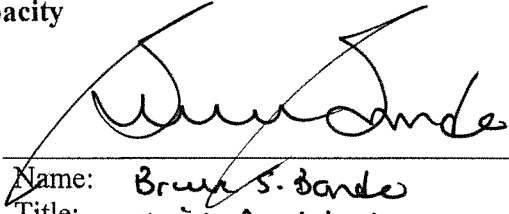
By: _____
Name:
Title:

By: _____
Name:
Title:

I/We have authority to bind the corporation.

AGREED TO AND ACCEPTED by the undersigned as of the date first written above.

GRANT THORNTON LIMITED, in its capacity as Court-appointed receiver of the assets, properties and undertakings of the Debtors listed on Schedule "A" attached hereto, and not in its personal or corporate capacity

By: 
Name: Bruce S. Bando
Title: vice President

SCHEDULE "A"

- Crystal Wealth Management System Limited
- Crystal Wealth Media Strategy
- Crystal Wealth Mortgage Strategy
- Crystal Enlightened Resource and Precious Metals Fund
- Crystal Wealth Medical Strategy
- Crystal Wealth Enlightened Factoring Strategy
- ACM Growth Fund
- ACM Income Fund
- Crystal Wealth High Yield Mortgage Fund
- Crystal Enlightened Bullion Fund
- Absolute Sustainable Dividend Fund
- Absolute Sustainable Property Fund
- Crystal Wealth Enlightened Hedge Fund
- Crystal Wealth Infrastructure Strategy
- Crystal Wealth Conscious Capital Strategy
- Crystal Wealth Retirement One Fund

SCHEDULE "B"
FORM OF APPROVAL AND VESTING ORDER

See attached.

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE
JUSTICE

WEEKDAY, THE #
DAY OF MONTH, 2018

BETWEEN:

Ontario Securities Commission

Applicant

- and -

**Crystal Wealth Management System Limited, Clayton Smith, CLJ Everest Ltd., 1150752
Ontario Limited, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy,
Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth Medical
Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM
Income Fund, Crystal Wealth High Yield Mortgage Fund, Crystal Enlightened Bullion
Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal
Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth
Conscious Capital Strategy, Crystal Wealth Retirement One Fund, Chrysalis Yoga Inc.**

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by Grant Thornton Limited in its capacity as the Court-appointed receiver and manager (the “**Receiver**”) of the undertaking, property and assets of certain of the Respondents, including the entities listed in Schedule “A” attached hereto (collectively and individually, the “**Debtor**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an asset purchase agreement (the “**Sale Agreement**”) between the Receiver and Bron Releasing Inc. (the “**Purchaser**”) dated February 2, 2018 and appended to the Supplement to the

Second Report of the Receiver dated [REDACTED], 2018 (the “**Supplement to the Second Report**”), and vesting in the Purchaser the right, title and interest in and to the Sale Assets (as defined in the Sale Agreement, and subject to the provisions thereof) (the “**Sale Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Supplement to the Second Report and on hearing the submissions of counsel for the Receiver, and [REDACTED], no one else appearing for any other person on the service list, although properly served as appears from the affidavit of [REDACTED] sworn [REDACTED], filed:

1. **THIS COURT ORDERS AND DECLARES** that, except where otherwise indicated, capitalized terms used but not defined in this Order shall have the meanings ascribed thereto in the Sale Agreement.
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized, ratified and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Sale Assets to the Purchaser.
3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver’s certificate to the Purchaser substantially in the form attached as Schedule “B” hereto (the “**Receiver’s Certificate**”), all of the right, title and interest in and to the Sale Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Newbould dated April 26, 2017 and any other orders of the Court in these proceedings; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on Schedule “C” hereto (all of which are collectively referred to as the

“Encumbrances”), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Sale Assets are hereby expunged and discharged as against the Sale Assets.

4. **THIS COURT ORDERS** that, following delivery of the Receiver’s Certificate, the Respondents, the Receiver, any trustee in bankruptcy that may be appointed in respect of any of the Respondents, and all other Persons (except the Purchaser, its successors and assigns) who might claim under or through them (including pursuant to section 38 of the *Bankruptcy and Insolvency Act* (Canada)) be and are hereby restrained from commencing, asserting, continuing or otherwise pursuing any Claims (as defined in the Sale Agreement) against any Subject Party; provided, for certainty, nothing in this Order shall limit or affect the Receiver or any other Person’s (except the Purchaser, its successors and assigns) ongoing right to commence, assert, continue, or pursue Excluded Claims against any Third Party in accordance with the Sale Agreement.

5. **THIS COURT ORDERS AND DECLARES** that, notwithstanding anything to the contrary contained herein, nothing in this Order shall affect the Production Liens, including the relative priority thereof.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims (including without limitation claims of investors or creditors) against the Media Fund and any other Debtor with an interest in the Sale Assets (if any), the net proceeds from the sale of the Sale Assets shall stand in the place and stead of the Sale Assets as an asset of the Media Fund or such other Debtor (if any), as applicable, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances against the Media Fund and such other Debtor (if any) shall attach to the net proceeds from the sale of the Sale Assets with the same priority as they had with respect to the Sale Assets immediately prior to the sale, as if the Sale Assets had not been sold and remained in the possession or control of the Media Fund and such other Debtor (if any), as applicable, immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Media Fund or any other Respondent and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Media Fund or any other Respondent;

the vesting of the Sale Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any of the Respondents and shall not be void or voidable by creditors of any of the Respondents, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

Schedule "A"

- Crystal Wealth Management System Limited
- Crystal Wealth Media Strategy
- Crystal Wealth Mortgage Strategy
- Crystal Enlightened Resource and Precious Metals Fund
- Crystal Wealth Medical Strategy
- Crystal Wealth Enlightened Factoring Strategy
- ACM Growth Fund
- ACM Income Fund
- Crystal Wealth High Yield Mortgage Fund
- Crystal Enlightened Bullion Fund
- Absolute Sustainable Dividend Fund
- Absolute Sustainable Property Fund
- Crystal Wealth Enlightened Hedge Fund
- Crystal Wealth Infrastructure Strategy
- Crystal Wealth Conscious Capital Strategy
- Crystal Wealth Retirement One Fund

Schedule "B" - Form of Receiver's Certificate

Court File No. 17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

Ontario Securities Commission

Applicant

- and -

Crystal Wealth Management System Limited, Clayton Smith, CLJ Everest Ltd., 1150752 Ontario Limited, Crystal Wealth Media Strategy, Crystal Wealth Mortgage Strategy, Crystal Enlightened Resource and Precious Metals Fund, Crystal Wealth Medical Strategy, Crystal Wealth Enlightened Factoring Strategy, ACM Growth Fund, ACM Income Fund, Crystal Wealth High Yield Mortgage Fund, Crystal Enlightened Bullion Fund, Absolute Sustainable Dividend Fund, Absolute Sustainable Property Fund, Crystal Wealth Enlightened Hedge Fund, Crystal Wealth Infrastructure Strategy, Crystal Wealth Conscious Capital Strategy, Crystal Wealth Retirement One Fund, Chrysalis Yoga Inc.

Respondents

RECEIVER'S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice (the "Court") dated April 26, 2017, Grant Thornton Limited was appointed as the receiver and manager (the "Receiver") of the undertaking, property and assets of certain of the Respondents, including the Respondents listed in Schedule "A" attached hereto (collectively and individually, the "**Debtor**").

B. Pursuant to an Order of the Court dated [DATE], 2018 (the "Approval Order"), the Court approved the asset purchase agreement made as of February 2, 2018 (the "Sale Agreement") between the Receiver and Bron Releasing Inc. (the "Purchaser") and provided for the vesting in the Purchaser of all of the right, title and interest in and to the Sale Assets, which vesting is to be effective with respect to the Sale Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Sale Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Sale Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

**GRANT THORNTON LIMITED, in its
capacity as Receiver of the undertaking,
property and assets of Crystal Wealth
Management System Limited and the other
entities listed in Schedule "A" attached
hereto, and not in its personal capacity**

Per: _____

Name:

Title:

Schedule "A"

- Crystal Wealth Management System Limited
- Crystal Wealth Media Strategy
- Crystal Wealth Mortgage Strategy
- Crystal Enlightened Resource and Precious Metals Fund
- Crystal Wealth Medical Strategy
- Crystal Wealth Enlightened Factoring Strategy
- ACM Growth Fund
- ACM Income Fund
- Crystal Wealth High Yield Mortgage Fund
- Crystal Enlightened Bullion Fund
- Absolute Sustainable Dividend Fund
- Absolute Sustainable Property Fund
- Crystal Wealth Enlightened Hedge Fund
- Crystal Wealth Infrastructure Strategy
- Crystal Wealth Conscious Capital Strategy
- Crystal Wealth Retirement One Fund

SCHEDULE "C"

See attached.

Crystal Wealth Bron Asset Purchase Worksheet - Schedule "C"			
	Name of Film	Name of Borrower(s)	Closing Date
1	Good Day's Work (a/k/a "Willoughbys") - Tax Credit	Willoughbys Productions Inc.	4-Nov-16
2	Henchmen (Tax Credit) - USD	Henchmen Productions Inc.	17-Sep-13
3	Henchmen (Tax Credit) - CDN	Henchmen Productions Inc.	7-Oct-13
4	Hunters of the Stars (Tax Credit)	Star Hunters 1 Productions, Inc.	21-Aug-14
5	Mercy (a/k/a "Parallel")	Mercy Productions Inc.	23-Oct-14
6	Mighty Mighty Monsters (Tax Credits)	Mighty Productions 3 Inc.	16-Oct-14
7	Welcome to Me - Gap Loan	Welcome to Me, LLC	2-Aug-13
8	Welcome to Me - Presales	Welcome to Me, LLC	2-Aug-13
9	Kingdom (a/k/a "Collared")	Kingdom Productions Inc.	23-Oct-14
10	Ginger & Rosa (f/k/a "Bomb")	APB Distribution Ltd	17-Feb-12
11	The Duel (a/k/a "By Way of Helena")	Mississippix Studios, LLC	8-Oct-14
12	The Duel (a/k/a "By Way of Helena") - Bridge Loan	Mississippix Studios, LLC	24-Sep-14

13	Childhood of a Leader	COAL Movie Limited FilmTeam Hepp Kft	23-Jan-15
14	Childhood of a Leader - Add'l Disbursement	COAL Movie Limited FilmTeam Hepp Kft	9-Sep-15
15	Decoding Annie Parker - Gap Loan	Decoding Annie Parker, LLC	28-Oct-11
16	Decoding Annie Parker - Tax Credit Loan	Decoding Annie Parker, LLC	28-Oct-11
17	Electric Slide - Gap Loan	Electric Slide Productions, LLC	19-Oct-12
18	Electric Slide - Pre-Sale Loan	Electric Slide Productions, LLC	19-Oct-12
19	Elsa & Fred	Cuatro Plus Films, LLC	28-Nov-12
20	English Teacher, The	Artina Film Fund, LLC	21-Oct-11
21	Foreverland	Foreverland Productions, Inc.	22-Sep-11
22	Foreverland - Producer Loan	Foreverland Productions, Inc.	22-Sep-11

23	Good Ol' Boy (a/k/a "Growing Up Smith")	Ponca City, LLC	15-Dec-14
24	Havana (a/k/a "Rebels")	1894955 Ontario, Inc.	13-Nov-14
25	Kill Me Three Times	KM3T Pty Ltd. and KM3T Productions Pty Ltd.	10-Sep-13
26	Lullaby - Gap	Lullaby Productions, LLC	21-Jun-12
27	Lullaby - Pre-Sale	Lullaby Productions, LLC	21-Jun-12
28	Miss Julie	The Apocalypse Films Company Limited, Miss Julie Limited, Maipo Film AS and Senorita Films SAS	17-Apr-13
29	Phenom	Best Pitcher, LLC	4-Dec-14
30	Pinkertons (Bridge Loan)	Pinker Series, Inc and Pink Productions, Inc.	9-Oct-14
31	Silent Night	Silent Night Productions, LLC	27-Mar-12
32	Single Shot - Gap	A Single Shot Movie, LLLP	13-Mar-12

33	Single Shot - Presale	A Single Shot Movie, LLP	13-Mar-12
34	Son of a Gun - Gap Loan	SOAG Holdings Pty Ltd and SOAG Productions Pty Ltd	28-Mar-13
35	Son of a Gun - Presale Loan	SOAG Holdings Pty Ltd and SOAG Productions Pty Ltd	28-Mar-13
36	Supremacy	Supremacy The Movie, LLC	13-Aug-12
37	Vincent N'Roxxy	VNR LLC	22-Dec-14

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TAB 2

ASSIGNMENT AGREEMENT

THIS AGREEMENT made the day of , 2018.

A M O N G:

BRON STUDIOS INC.

(herein called "**Bron Studios**")

- and -

BRON ANIMATION INC.

(herein called "**Bron Animation**", and, together with Bron Studios, the "**Assignors**")

- and -

GRANT THORNTON LIMITED, in its capacity as Court-appointed receiver of the assets, properties and undertakings of the entities listed on Schedule "A" attached hereto (collectively and individually, the "Debtor(s)"), and not in its personal or corporate capacity

(in such capacity, herein called the "**Receiver**")

WHEREAS:

- A. on April 26, 2017, Grant Thornton Limited was appointed receiver and manager of all of the assets, undertakings and properties of the Debtor pursuant to an order (the "**Appointment Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") (Court File No. 17-11779-00CL) (the "**Receivership Proceedings**");
- B. pursuant to the Appointment Order, the Receiver was authorized to, among other things, undertake the marketing and sale of the assets, undertakings and properties of certain of the Debtors;
- C. an affiliate of the Assignors, Bron Releasing Inc. (the "**Purchaser**"), entered into an asset purchase agreement with the Receiver dated February 2, 2018 (the "**APA**") pursuant to which, *inter alia*, the Receiver has agreed to sell and assign to the Purchaser, and the Purchaser has agreed to purchase from the Receiver, the Sale Assets;
- D. pursuant to a Creditor Claims Procedure Order of the Court issued in the Receivership Proceedings on June 30, 2017, a claims procedure was established, pursuant to which all creditors of the Debtors were to file proofs of claim with the Receiver (the "**Claims Process**");

- E. each of the Assignors filed proofs of claim with the Receiver in the Claims Process, together with particulars (the “**Proofs of Claim**”);
- F. as particularized in the Proofs of Claim, Clayton Smith (a Debtor, and hereafter, “**Smith**”) is indebted and liable to the Assignors on an unsecured basis in the total sum of \$12,243,455, comprising \$11,164,457 owed to Bron Studios and \$1,087,998 owed to Bron Animation, as at August 3rd, 2017, together with accruing interest thereon (collectively, the “**Smith Indebtedness**”, and the claims which are the subject of the Proofs of Claim being referred to as the “**Smith Claims**”);
- G. whereas each of the Assignors have elected to sell, transfer, and assign the Smith Indebtedness and the Smith Claims to the Receiver, upon closing of the transactions contemplated in the APA, on the terms set out herein;

NOW THEREFORE, in consideration of the payment of CAD \$2 by the Receiver to the Assignors, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Assignors and the Receiver, the parties agree as follows:

- 1. Capitalized terms used and not defined herein shall have the meaning ascribed to them in the APA.
- 2. Subject to the provisions of Section 3 hereof, each of the Assignors does hereby unconditionally and irrevocably sell, transfer and assign to the Receiver all of its right, title and interest in and to:
 - (a) the Smith Indebtedness, and all agreements, instruments, invoices, and other documents relating to the Smith Indebtedness, including, without limitation, under the Proofs of Claim; and
 - (b) the Smith Claims, including, without limitation, its rights, if applicable, to receive payments or distributions pursuant to the Claims Process(collectively, the “**Assigned Interests**”), without recourse of any kind whatsoever to the Assignors.
- 3. Notwithstanding anything to the contrary in this Agreement, upon the aggregate realizations (net of the reasonable costs of realization) by the Receiver from the APA and the Assigned Interests exceeding, in the reasonable determination of the Receiver, the amount of the Indebtedness, the Receiver shall so notify the Assignors in writing and all right, title and interests in the Assigned Interests will revert automatically to the Assignors such that the Assignors shall thereupon be entitled to collect and receive the amount of such excess and to otherwise exercise all rights under and in respect of the Assigned Interests.
- 4. Each of the Assignors represents and warrants to the Receiver that:

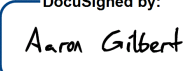
- (a) to the best of its knowledge, the Smith Indebtedness is now justly due, owing, and unpaid;
 - (b) this Agreement constitutes the valid, legal and binding agreement of the respective Assignors, enforceable in accordance with its terms;
 - (c) it has the right to convey to the Receiver all of its right, title and interest in and to the Assigned Interests; and
 - (d) it has not previously sold, conveyed, transferred, assigned, or otherwise encumbered the Assigned Interests, nor has it agreed to do any of the foregoing (except as set forth in this Agreement).
5. Each of the Assignors hereby irrevocably grants the Receiver a power of attorney, coupled with an interest, with respect to the Smith Claims, and authorizes the Receiver to (i) act in the respective Assignor's name, place and stead, to demand, sue for, compromise and recover all such sums of money which are, or may hereafter become, due and payable for or on account of such Smith Claims; (ii) vote such Smith Claims; (iii) to change the name and address and other contact information of the claimholder of record with respect to such Smith Claims; and (iv) take any other action in respect of such Smith Claim as the Receiver, in its sole discretion, shall consider necessary or desirable for the purpose of pursuing and realizing thereon.
6. The Receiver acknowledges and agrees that it is accepting the sale, transfer, and assignment of the Assigned Interests on an "as is" basis.
7. Each of the Assignors acknowledges that the Receiver is not assuming, and the Receiver shall not be responsible for, any liabilities or obligations of either of the Assignors to Smith or to any other person.
8. Each of the Assignors further represents and covenants that it has not received any repayment of the Smith Indebtedness and that if it receives any such repayment it will, subject to the provisions of Section 3 hereof, promptly remit the amount of such repayment to the Receiver.
9. Each of the Assignors and the Receiver agrees that it shall, at the reasonable request and cost of the other, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as are reasonably necessary or desirable to give effect to the provisions hereof.
10. Each of the Assignors acknowledges and agrees that, in carrying out and completing the assignments and transactions contemplated herein or exercising any rights, entitlements or benefits as assignee under this Agreement, the Receiver is acting solely in its capacity as receiver and manager of the Debtors and not in its personal or corporate capacity and the Receiver shall have no personal and no corporate liability to any of the Releasors, including the Assignors.

11. There are no representations, warranties, collateral agreements or conditions affecting this Agreement or the transactions provided for herein other than as expressed herein.
12. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and assigns.
13. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and shall not be amended except by instrument in writing signed by all of the parties hereto.
14. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
15. This Agreement may be executed by the parties in separate counterparts, which together shall constitute one and the same agreement. Delivery of an executed counterpart by facsimile or in PDF format shall have the same effect as delivery of an original.

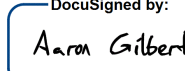
[*Signature page follows.*]

IN WITNESS WHEREOF the parties hereto have executed this agreement on the date first noted above.

BRON STUDIOS INC.

By: _____	DocuSigned by:	DocuSigned by:
		
	Name: Aaron Gilbert	Steven Thibault
	Title: MD	Authorized Signatory

BRON ANIMATION INC.

By: _____	DocuSigned by:	DocuSigned by:
		
	Name: Aaron Gilbert	Steven Thibault
	Title: MD	Authorized Signatory

GRANT THORNTON LIMITED, in its capacity as Court-appointed receiver of the assets, properties and undertakings of the Debtors listed on Schedule “A” attached hereto, and not in its personal or corporate capacity

By: _____
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this agreement on the date first noted above.

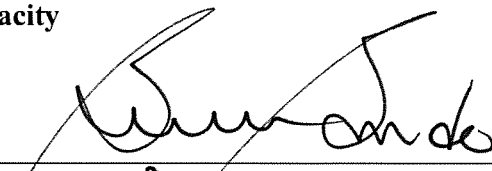
BRON STUDIOS INC.

By: _____
Name:
Title:

BRON ANIMATION INC.

By: _____
Name:
Title:

GRANT THORNTON LIMITED, in its capacity as Court-appointed receiver of the assets, properties and undertakings of the Debtors listed on Schedule "A" attached hereto, and not in its personal or corporate capacity

By:  _____
Name: Bruce S. Bander
Title: Vice President

SCHEDULE A
CRYSTAL WEALTH GROUP

- Crystal Wealth Management System Limited
- Crystal Wealth Media Strategy
- Crystal Wealth Mortgage Strategy
- Crystal Enlightened Resource and Precious Metals Fund
- Crystal Wealth Medical Strategy
- Crystal Wealth Enlightened Factoring Strategy
- ACM Growth Fund
- ACM Income Fund
- Crystal Wealth High Yield Mortgage Fund
- Crystal Enlightened Bullion Fund
- Absolute Sustainable Dividend Fund
- Absolute Sustainable Property Fund
- Crystal Wealth Enlightened Hedge Fund
- Crystal Wealth Infrastructure Strategy
- Crystal Wealth Conscious Capital Strategy
- Crystal Wealth Retirement One Fund
- Clayton Smith
- CLJ Everest Ltd.
- 1150752 Ontario Limited

TAB 3

PROOF OF CLAIM

PROOF OF CLAIM AGAINST CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, CLJ EVEREST LTD., AND 1150752 ONTARIO LIMITED (INDIVIDUALLY AND COLLECTIVELY, THE "CRYSTAL WEALTH GROUP") PURSUANT TO THE CLAIMS PROCEDURE ORDER DATED June 30, 2017

A. PARTICULARS OF CREDITOR:

1. Full Legal Name of Creditor: Bron Animation Inc.
2. Full Mailing Address of the Creditor (the original Creditor and not the Assignee):
5542 Short Street
Burnaby BC V5T 1L9
3. Telephone number: 604-558-6742
4. E-mail address: Steven.Thibault@bronsstudios.com
5. Facsimile number: _____
6. Attention (Contact Person): Steven Thibault
7. Has the Claim been sold or assigned by the Creditor to another party [check (✓) one]?
Yes: _____ No: ☒

B. PARTICULARS OF ASSIGNEE(S) (IF ANSWER TO QUESTION 7 IS YES):

8. Full Legal Name of Assignee(s): N/A
(If Claim has been assigned, insert full legal name of assignee(s) of Claim (if all or a portion of the Claim has been sold). If there is more than one assignee, please attach a separate sheet with the require information)

9. Full Mailing Address of Assignee(s):

10. Telephone number of Assignee(s):

11. E-mail address:

12. Facsimile number:

13. Attention (Contact Person):

C. PROOF OF CLAIM:

I, Aaron Gilbert
[name of Creditor or Representative of the Creditor],

of British Columbia do hereby certify that:
[City or Province]

(a) I [check (✓) one]

☐ am the Creditor of the Crystal Wealth Group; OR

☒ am President (state position or title) of
Bron Animation Inc. (name of creditor);

(b) I have knowledge of all the circumstances connected with the Claim referred to below;

(c) Clayton Smith [Insert the
name(s) of the specific Crystal Wealth Group entity(ies) to which the Claim relates]
was and still is indebted to the Creditor as follows:

(i) TOTAL CLAIM: \$1,087,998 CAD

(Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada noon spot rate as at April 26, 2017. The Canadian Dollar/U.S. Dollar rate of exchange on that date was CDN\$1.3592/US\$1.00); and

D. NATURE OF CLAIM:

(check (✓) one and complete appropriate category)

☒ A. UNSECURED CLAIM OF \$ 1,087,998

That in respect of this debt, I do not hold any security and

(Check (✓) appropriate description)

☒ Regarding the amount of \$ 1,087,998, I do not claim a right to a priority.

☐ Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Bankruptcy and Insolvency Act (Canada) (the "BIA") or would claim such a priority if this Proof of Claim were being filed in accordance with that Act.

(Set out on an attached sheet details to support priority claim.)

☐ B. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold security valued at \$ _____ particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

E. PARTICULARS OF CLAIM:

Other than as already set out herein the particulars of the undersigned's total Claim are attached.

(Provide all particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of Crystal Wealth Group entity/entities involved, name of any guarantor which has guaranteed the Claim, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the Crystal Wealth Group to the Creditor and estimated value of such security, and particulars of any interim period claim.)

This Proof of Claim must be received by the Receiver by no later than 5:00 p.m. (Toronto time) on August 3, 2017 ("Claims Bar Date"), by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission at the following address:

Grant Thornton Limited
in its capacity as Receiver and Manager of the Crystal Wealth Group

200 King Street West, 11th Floor
Toronto, Ontario M5H 3T4

Attention: Jason Knight
E-mail: jason.knight@ca.gt.com or crystalwealth@grantthornton.ca

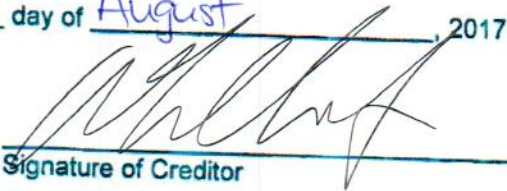
F. FILING OF CLAIM:

Failure to file your Proof of Claim as directed by the Claims Bar Date will result in your Claim being barred and in you being prevented from making or enforcing a Claim against the Crystal Wealth Group. In addition, you shall not be entitled to further notice in, and shall not be entitled to participate as a creditor in these proceedings.

G. EXCLUDED CLAIMS

Claims by creditors who are investors in the Crystal Wealth Group and whose claim derives from such investor's investment in the Crystal Wealth Group are Excluded Claims and no such person or entity needs to file any claim in respect thereof at this time. Please consult the Claims Procedure Order made on June 30, 2017 for details with respect to this and other exemptions.

Dated at Vancouver this 3rd day of August, 2017.



Signature of Creditor

PARTICULARS OF CLAIM

Loan From Bron Animation Inc. to Clayton Smith:

Principal Amount: CAD\$940,000

Disbursement Date and Amounts:

Loan date	Amount	Cumulative
		-
28-Nov-13	500,000	500,000
12-Feb-14	50,000	550,000
25-Feb-14	100,000	650,000
13-Mar-14	60,000	710,000
25-Apr-14	80,000	790,000
13-May-14	150,000	940,000

Interest Rate: 13% p.a.

Default Rate: 17% p.a.

Default Date: April 8, 2015

Bron Animation Loan to Clayton Smith with Interest:

	Principal	Int accrual	Total Due
Bron Animation	940,000	147,998	1,087,998

TAB 4

PROOF OF CLAIM

PROOF OF CLAIM AGAINST CRYSTAL WEALTH MANAGEMENT SYSTEM LIMITED, CLAYTON SMITH, CRYSTAL WEALTH MEDIA STRATEGY, CRYSTAL WEALTH MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED RESOURCE & PRECIOUS METALS FUND, CRYSTAL WEALTH MEDICAL STRATEGY, CRYSTAL WEALTH ENLIGHTENED FACTORING STRATEGY, ACM GROWTH FUND, ACM INCOME FUND, CRYSTAL WEALTH HIGH YIELD MORTGAGE STRATEGY, CRYSTAL ENLIGHTENED BULLION FUND, ABSOLUTE SUSTAINABLE DIVIDEND FUND, ABSOLUTE SUSTAINABLE PROPERTY FUND, CRYSTAL WEALTH ENLIGHTENED HEDGE FUND, CRYSTAL WEALTH INFRASTRUCTURE STRATEGY, CRYSTAL WEALTH CONSCIOUS CAPITAL STRATEGY, CRYSTAL WEALTH RETIREMENT ONE FUND, CLJ EVEREST LTD., AND 1150752 ONTARIO LIMITED (INDIVIDUALLY AND COLLECTIVELY, THE "CRYSTAL WEALTH GROUP") PURSUANT TO THE CLAIMS PROCEDURE ORDER DATED June 30, 2017

A. PARTICULARS OF CREDITOR:

1. Full Legal Name of Creditor: Bron Studios Inc
2. Full Mailing Address of the Creditor (the original Creditor and not the Assignee):
5542 Short Street
Burnaby BC V5T 1K9
3. Telephone number: 604-558-6742
4. E-mail address: Steven.Thibault@bronsstudios.com
5. Facsimile number: _____
6. Attention (Contact Person): Steven Thibault
7. Has the Claim been sold or assigned by the Creditor to another party [check (✓) one]?
Yes: _____ No: ☒

B. PARTICULARS OF ASSIGNEE(S) (IF ANSWER TO QUESTION 7 IS YES):

8. Full Legal Name of Assignee(s): N/A
(If Claim has been assigned, insert full legal name of assignee(s) of Claim (if all or a portion of the Claim has been sold). If there is more than one assignee, please attach a separate sheet with the require information)

9. Full Mailing Address of Assignee(s):

10. Telephone number of Assignee(s): _____

11. E-mail address: _____

12. Facsimile number: _____

13. Attention (Contact Person): _____

C. PROOF OF CLAIM:

I, Aaron Gilbert
[name of Creditor or Representative of the Creditor],

of British Columbia do hereby certify that:
[City or Province]

(a) I [check (✓) one]

☐ am the Creditor of the Crystal Wealth Group; OR

☒ am President (state position or title) of
Ben Studios Inc. (name of creditor);

(b) I have knowledge of all the circumstances connected with the Claim referred to below;

(c) Clayton Smith [Insert the
name(s) of the specific Crystal Wealth Group entity(ies) to which the Claim relates]
was and still is indebted to the Creditor as follows:

(i) TOTAL CLAIM: \$ 11,164,457 CAD

(Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada noon spot rate as at April 26, 2017. The Canadian Dollar/U.S. Dollar rate of exchange on that date was CDN\$1.3592/US\$1.00); and

D. NATURE OF CLAIM:

(check (✓) one and complete appropriate category)

☒ A. UNSECURED CLAIM OF \$ 11,164,457

That in respect of this debt, I do not hold any security and

(Check (✓) appropriate description)

☒ Regarding the amount of \$ 11,164,457, I do not claim a right to a priority.

☐ Regarding the amount of \$ _____, I claim a right to a priority under section 136 of the Bankruptcy and Insolvency Act (Canada) (the "BIA") or would claim such a priority if this Proof of Claim were being filed in accordance with that Act.

(Set out on an attached sheet details to support priority claim.)

☐ B. SECURED CLAIM OF \$ _____

That in respect of this debt, I hold security valued at \$ _____ particulars of which are as follows:

(Give full particulars of the security, including the date on which the security was given and the value at which you assess the security, and attach a copy of the security documents.)

E. PARTICULARS OF CLAIM:

Other than as already set out herein the particulars of the undersigned's total Claim are attached.

(Provide all particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) giving rise to the Claim, name of Crystal Wealth Group entity/entities involved, name of any guarantor which has guaranteed the Claim, and amount of invoices, particulars of all credits, discounts, etc. claimed, description of the security, if any, granted by the Crystal Wealth Group to the Creditor and estimated value of such security, and particulars of any interim period claim.)

This Proof of Claim must be received by the Receiver by no later than 5:00 p.m. (Toronto time) on August 3, 2017 ("Claims Bar Date"), by prepaid ordinary mail, courier, personal delivery or electronic or digital transmission at the following address:

Grant Thornton Limited
in its capacity as Receiver and Manager of the Crystal Wealth Group

200 King Street West, 11th Floor
Toronto, Ontario M5H 3T4

Attention: Jason Knight
E-mail: jason.knight@ca.gt.com or crystalwealth@grantthornton.ca

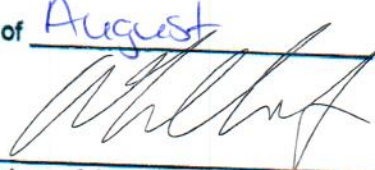
F. FILING OF CLAIM:

Failure to file your Proof of Claim as directed by the Claims Bar Date will result in your Claim being barred and in you being prevented from making or enforcing a Claim against the Crystal Wealth Group. In addition, you shall not be entitled to further notice in, and shall not be entitled to participate as a creditor in these proceedings.

G. EXCLUDED CLAIMS

Claims by creditors who are investors in the Crystal Wealth Group and whose claim derives from such investor's investment in the Crystal Wealth Group are Excluded Claims and no such person or entity needs to file any claim in respect thereof at this time. Please consult the Claims Procedure Order made on June 30, 2017 for details with respect to this and other exemptions.

Dated at Vancouver this 3rd day of August 2017.



Signature of Creditor

PARTICULARS OF CLAIM

Loans From Bron Studios Inc. to Clayton Smith

Mercy Loan

Principal Amount: CAD\$3,832,400

Disbursement Dates and Amounts:

Loan date	Amount	Cumulative
24-Oct-14	2,380,400	2,380,400
23-Dec-14	1,452,000	3,832,400

Interest Rate: 13% p.a.

Default Rate: 17% p.a.

Default Date: April 24, 2016

Collared Loan

Principal Amount: CAD\$3,740,192

Disbursement Date and Amounts:

Loan date	Amount	Cumulative	fX	CAD
04-Nov-14	\$ 2,201,760	2,201,760	1.3592	2,992,632
12-Jan-15	550,000	2,751,760	1.3592	747,560
				3,740,192

Interest Rate: 13% p.a.

Default Rate: 17% p.a.

Default Date: April 16, 2016

USD/CAD exchange rate set at CAD\$1.3592/USD\$1.00 pursuant to Proof of Claim instructions.

Summary of Bron Studios' Loans to Clayton Smith with Interest:

	Principal	Int accrual	Total Due
Studios - Mercy	3,832,400	1,681,133	5,513,533
Studios - Parallel	3,740,192	1,910,732	5,650,924

CONFIDENTIAL APPENDIX “1”

SEALED APPENDIX “1”

TAB C

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(Current as of February 8, 2018)

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ONTARIO SECURITIES COMMISSION

and

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Applicant

Respondents

Court File No. CV-17-11779-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
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