

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE
JUSTICE PATTILLO

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TUESDAY, THE 15th DAY
OF MAY, 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 & 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 Grant Thornton Limited in its capacity as the Court-appointed receiver and manager (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*, authorizing the Receiver to complete, on behalf of the Respondent, CLJ Everest Ltd. (the "**Vendor**"), as vendor, the sale transaction (the "**Transaction**") of the property located at 5043 Mount Nemo Crescent in Burlington, Ontario (the "**Mount Nemo Property**") to Daniel Palmer (the "**Purchaser**"), as purchaser, in accordance with an agreement of purchase

and sale dated April 11, 2018 and the amendment thereto dated April 17, 2018 (the "**Sale Agreement**"), and vesting in the Purchaser the right, title and interest in and to the property described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report of the Receiver dated May 3, 2018 and the Supplement to the Third Report of the Receiver dated May 14, 2018, 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 affidavits of Diana Saturno sworn May 3, 2018 and May 14, 2018, filed:

1. **THIS COURT ORDERS AND DECLARES** that the Receiver is hereby authorized, on behalf of the Vendor, to complete the Transaction contemplated by the Sale Agreement with such amendments to the Sale Agreement, except as to purchase price, as the Receiver may deem necessary. The Receiver, in its own name or on behalf of the Vendor, 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 Assets to the Purchaser.
2. **THIS COURT ORDERS** that the Land Titles Division of the Halton Land Registry Office (No. 20) remove from title to the Mount Nemo Property the Certificate of Direction issued by the Ontario Securities Commission on April 13, 2017 and registered on title to the Mount Nemo Property on the same date as instrument no. HR1446942.
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 "**A**" hereto (the "**Receiver's Certificate**"), all of the Vendor's right, title and interest in and to the Purchased Assets described in the Sale Agreement and listed on Schedule "**B**" hereto 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; (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" hereto) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **THIS COURT ORDERS** that upon the registration in the Land Titles Division of the Halton Land Registry Office (No. 20) of an application for Vesting Order in the form prescribed by the *Land Titles Act*, 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.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

6. **THIS COURT ORDERS** that the Receiver shall be permitted to make distributions from the sale proceeds of the Transaction to the registered mortgagee, Home Trust Company ("**Home Trust**"), without further order of the Court, in satisfaction of Home Trust's Charge/Mortgage of Land registered on title to the Mount Nemo Property on January 16, 2015 as Instrument No. 1241569, provided that the Receiver is satisfied as to the validity of the Charge/Mortgage and amounts claimed.

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 Vendor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Vendor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, 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.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 15 2018

PER / PAR:



Schedule A – Form of Receiver's Certificate

Court File No.

**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, AND CRYSTAL WEALTH RETIREMENT ONE FUND and 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**") issued April 26, 2017, Grant Thornton Limited was appointed as the receiver and manager (in such capacity, the "**Receiver**") of the undertaking, property and assets of CLJ Everest Ltd. (the "**Vendor**").

B. Pursuant to an Order of the Court issued May 15, 2018, the Court authorized the Receiver to complete the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale dated April 11, 2018 and the amendment thereto dated April 17, 2018 (the "**Sale Agreement**") entered into by the Receiver on behalf of the Vendor, as vendor, and Daniel Palmer (the "**Purchaser**"), as purchaser, and vesting in the Purchaser the right, title and interest in and to the property described in the Sale Agreement (the "**Purchased Assets**"), which vesting is to be effective with respect to the Purchased 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 Assets pursuant to the Sale Agreement; (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 Purchased Assets payable on closing 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 the Vendor, and not in its personal
or corporate capacity**

Per: _____
Name:
Title:

Schedule B – Purchased Assets

PIN 07198-0202 (LT)

PT LT 1 , CON 4 NS DES AS PTS 1, 2 & 3 ON 20R16429; BURLINGTON. S/T EASEMENT IN GROSS OVER PT 2 ON 20R16429 AS IN HR436235.

Municipally known as 5043 Mount Nemo Cres., Burlington, Ontario

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

1. Instrument No. HR1241568, registered on January 16, 2015, is a Transfer/Deed of Land in favour of CLJ Everest Ltd., for consideration of \$2,700,000.
2. Instrument No. 1241569, registered on January 16, 2015, is a Charge/Mortgage of Land, in the amount of \$1,331,250, in favour of Home Trust Company.
3. Instrument No. HR1446942, registered on April 13, 2017, is a Certificate in favour of the Ontario Securities Commission.

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

1. Instrument Number 119980 being a By Law registered on January 25, 1961 in favour of The Corporation of the City of Burlington re: Subdivision Control.
2. Instrument Number 20R16429 being a Reference Plan, registered on November 18, 2005.
3. Instrument Number HR436235 being a Transfer Easement registered on December 5, 2005 in favour of The Corporation of the City of Burlington re sewers, drains, etc. for maintenance and repair.

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 Brookfield Place Suite 1800, 181 Bay Street Toronto, ON M5J 2T9 Steven L. Graff (LSUC # 31871V) Tel: (416) 865-7726 Fax: (416) 863-1515 E-mail: sgraff@airdberlis.com Mark van Zandvoort (LSUC # 59120U) Tel: (416) 865-4742 Fax: (416) 863-1515 E-mail: mvanzandvoort@airdberlis.com <i>Lawyers for Grant Thornton Limited, in its capacity as Receiver and Manager of the Crystal Wealth Group</i>
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