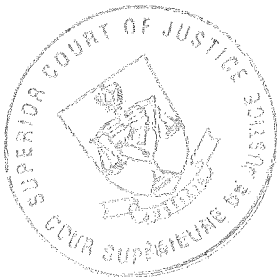


ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)
JUSTICE NEWBOULD) TUESDAY, THE 16th DAY
OF AUGUST, 2016



SALUS CAPITAL PARTNERS, LLC

Applicant

and

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.**

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**APPROVAL AND VESTING ORDER
(Unique Designs, Inc. Transaction)**

THIS APPLICATION, made by Salus Capital Partners, LLC for an order approving the sale transaction (the "**Transaction**") contemplated by an offer to purchase (the "**Sale Agreement**") by Unique Designs, Inc. (the "**Purchaser**") dated August 16, 2016 for the purchase of certain assets of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp. and Always & Forever Family Collection Incorporated (collectively, the "**Debtor**") and appended as confidential Exhibit A to the Affidavit of Kenneth R. Rosenstein sworn August 16 2016 (the "**Rosenstein Affidavit**"), and vesting in the Purchaser the Debtor's right, title and interest in and

to the assets described in the Sale Agreement (the "**Purchased Assets**"), subject to Sharon Stone Co. Ltd.'s ("**Sharon Stone**") assertions regarding ownership of certain designs for the jewellery manufactured, imported and/or distributed by the Debtor, as described in the affidavit of Shmuel Cohen sworn August 15, 2016, and the affidavit of Carla Eisnor sworn August 15, 2016 (the "**Sharon Stone Claim**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Rosenstein Affidavit and the exhibits thereto, the Affidavit of Michael A. O'Hara sworn August 2, 2016, and the exhibits thereto, the Affidavit of Kyle Shonak sworn August 3, 2016 and the exhibits thereto, the Report of Richter Advisory Group Inc. in its capacity as the proposed Court-appointed receiver (in such capacity, the "**Proposed Receiver**") of all the undertaking, property and assets of, among others, the Debtor, dated August 8, 2016 (the "**Report**") and the appendices thereto, the affidavit of Shmuel Cohen sworn August 15, 2016 and the exhibits thereto, and the affidavit of Carla Eisnor sworn August 15, 2016 and the exhibits thereto, and on the Proposed Receiver having been appointed as the receiver of all the undertaking, property and assets of, among others, the Debtor (in such capacity, the "**Receiver**"), by order of the Ontario Superior Court of Justice – Commercial List (the "**Court**") made today, and on hearing the submissions of counsel for the Receiver, the Applicant, Salus Capital Partners LLP ("**Salus**"), the Purchaser, Sharon Stone, and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of service of Miranda Spence sworn August 5, 2016, filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved and the Receiver is hereby authorized and directed to execute the Sale Agreement, with such minor amendments including, without limitation, certain amendments with respect to tax and escrow issues, as may be agreed upon by the Receiver and the Purchaser. 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 including, without limitation, the Sale Agreement, and for the conveyance of the Purchased Assets to the Purchaser.
2. **THIS COURT ORDERS AND DECLARES** that the determination of the Sharon Stone Claim shall be dealt with by further Order of the Court. Sharon Stone retains the right to assert

the Sharon Stone Claim, and nothing in this Order shall be deemed to prejudice or otherwise limit the Sharon Stone Claim.

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 Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, including without limitation, all of the rights and obligations of the Debtor under the Assigned Contracts/Memos (as defined in the Sale Agreement), excluding any Consent Required Contract (as defined in the Sale Agreement) that the counterparty has not consented to the assignment of by the time of this order, and excluding any assets that are now or hereafter determined by the Court to be owned by Sharon Stone, shall vest absolutely in, and, as applicable, be assigned to, 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 August 16, 2016; (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; (iii) all charges, security interests or claims evidenced by registrations against title records of any intellectual property right registered at any intellectual property office in any jurisdiction of the world, including, without limitation, the Canadian Intellectual Property Office; the United States Patent and Trademark Office; and the United Kingdom Intellectual Property Office; (iv) all charges, security interests or claims in relation to or securing the payment or performance of obligations under the Credit Agreement among J.S.N. Jewellery Inc. as lead borrower, the borrowers named therein, the guarantors named therein, and Salus as administrative agent and collateral agent, and the other lenders party thereto, dated July 18, 2016, as amended, or any guarantees in relation thereto or the Super Priority DIP Credit Agreement among Ben Moss Jewellers Western Canada Ltd., the guarantors named therein, Salus as administrative agent and collateral agent, and the other lenders party thereto, dated May 16, 2016, or any guarantees in relation thereto; and (v) any encumbrances or charges created by the Initial Order of Justice

Newbould dated May 18, 2016, as amended and restated, in relation to the CCAA proceedings of Ben Moss Jewellers Western Canada Ltd. bearing court file number CV- 16-11397-00CL (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 Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. **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 in accordance with the allocation of the Purchase Price (as defined in the Sale Agreement) set out in section 4.4 of the Sale Agreement (the "**Proceeds**"), and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the applicable 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.

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 in executing the Sale Agreement and completing the Transaction and otherwise carrying out the terms of this Order the Receiver shall be acting for and on behalf of the Debtor and shall not, solely as a result of the foregoing, be or be deemed to be in possession or control of any Property (as defined in the Order (Appointing Receiver) of this Court issued August 11, 2016) or any part of the business of the Debtor.

7. **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 such human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees as may be necessary or advisable in connection with the Transaction. 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. **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 and any bankruptcy order issued pursuant to any such applications or any analogous proceedings in the United Kingdom or the United States; and
- (c) any assignment in bankruptcy made in respect of the Debtor in Canada, the United Kingdom or the United States;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy or administrator that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, 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 ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

10. **THIS COURT ORDERS** that the Rosenstein Affidavit, including the Confidential Exhibits thereto, and the unredacted O'Hara Affidavit, including the Confidential Exhibits thereto, are hereby sealed, until further Order of the Court.

11. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or the United Kingdom 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:

AUG 16 2016

PER / PAR: 

Schedule A – Form of Receiver’s Certificate

Court File No. CV-16-011478-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

SALUS CAPITAL PARTNERS, LLC

Applicant

and

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
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**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED RECEIVER’S
CERTIFICATE**

RECITALS

A. Pursuant to an Order of the Honourable Justice Newbould of the Ontario Superior Court of Justice – Commercial List (the "**Court**") dated August 16, 2016, Richter Advisory Group Inc. was appointed as the receiver (in such capacity, the "**Receiver**") of all the undertaking, property and assets of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp., 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc.

B. Pursuant to an Order of the Court dated August 16, 2016, the Court approved the offer to purchase (the "**Sale Agreement**") made as of August 16, 2016 by Unique Designs, Inc. ("the "**Purchaser**") for the purchase of certain assets of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp., and Always & Forever Family Collection Incorporated (collectively, the "**Debtor**") and vesting in the Purchaser the Debtor’s right, title and interest in and to the Purchased Assets, subject to Sharon Stone Co. Ltd.’s ("**Sharon Stone**") claim to ownership of

certain designs for the jewellery manufactured, imported and/or distributed by the Debtor (the “**Sharon Stone Claim**”), 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; (ii) that the conditions to Closing as set out in Article 8 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. 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 the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in Article 8 of 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].

**RICHTER ADVISORY GROUP INC., solely
in its capacity as Court-appointed Receiver of
J.S.N. JEWELLERY INC., J.S.N.
JEWELLERY UK LIMITED, GMJ CORP.,
and ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED, and not
in its personal capacity**

Per: _____

Name:

Title:

SALUS CAPITAL PARTNERS, LLC

and

J.S.N. JEWELLERY INC., et al.

Court File No. CV-16-011478-00CL

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

APPROVAL AND VESTING ORDER

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