

**In the Matter of the Receivership of
Thane Direct Company, Thane Direct Canada Inc., Thane Direct Marketing Inc.,
Thane International, Inc., West Coast Direct Marketing, Inc., TDG, Inc., and Thane Direct, Inc.
Of the City of Mississauga
In the Province of Ontario**

Second Interim Report of Receiver
(Subsection 246(2) of the *Bankruptcy and Insolvency Act*)

Introduction

1. This interim report, for the period ending October 23, 2016, is filed by Richter Advisory Group Inc. ("**Richter**") in its capacity as receiver ("**Receiver**") of 2657874, Inc. (formerly Thane International Inc.), 2804906, Inc. (formerly Thane Direct, Inc.), 3244585 Nova Scotia Company (formerly Thane Direct Company), 2194124 Ontario Inc. (formerly Thane Direct Marketing Inc.), West Coast Direct Marketing, Inc., 1262775 Ontario Inc. (formerly Thane Direct Canada Inc.) and TDG, Inc. (collectively, "**Thane**" or the "**Debtors**").

Background

2. On October 23, 2015, pursuant to an order (the "**Receivership Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Canadian Court**"), Richter, was appointed as Receiver to exercise specific powers and duties as set out in the Receivership Order, in respect of the assets, properties and undertakings (the "**Property**") of the Debtors.
3. The Receivership Order was granted pursuant to an application made by Bank of Montreal as agent, (the "**Agent**") for the syndicate of lenders including the Bank of Montreal ("**BMO**"), HSBC Bank Canada ("**HSBC**") and the National Bank of Canada ("**NBC**") and collectively with BMO and HSBC, the "**Lenders**", pursuant to security held by the Lenders in the assets, property and undertaking of the Debtors, including a general security agreement, representing a charge over all assets of Thane.
4. Subsequent to the granting of the Receivership Order, the Canadian Court issued an order (the "**Approval, Vesting and Distribution Order**") approving the asset and share transaction (the "**Asset/Share Transaction**") contemplated by the offer to purchase (the "**Sale Agreement**") between 9472541 Canada Inc., 9472550 Canada Inc., 635427, Inc. and 652134 Limited (collectively, the "**Purchasers**"), and the Receiver, to purchase substantially all of the business of Thane and certain of its affiliates. Among other things, the Asset/Share Transaction was conditional upon the Receiver, as the duly appointed foreign representative of Thane, obtaining ancillary relief from the United States Bankruptcy Court for the District of Delaware (the "**U.S. Court**") exercising its powers of recognition under Chapter 15 of the U.S. Bankruptcy Code with regard to the Property owned by the Debtors (the "**U.S. Proceedings**").
5. On October 25, 2015, the Receiver commenced the U.S. Proceedings by filing, among other things, petitions on behalf of Thane pursuant to sections 1504 and 1515 of the U.S. Bankruptcy Code seeking recognition by the U.S. Court of the Canadian proceeding as a foreign main proceeding. On October 27, 2015, the U.S. Court granted, among other things, an order staying any and all actions or proceedings against the Debtors and their assets in the United States, pending a final hearing in recognition of the orders entered by the U.S. Court.



6. Pursuant to the Receivership Order, the Debtors remained in possession and control of the Property and the Receiver was not to be or deemed to be in possession and control of the Property.
7. On December 1, 2015, the U.S. Court entered an order recognizing and enforcing the Approval, Vesting, and Distribution Order, and authorizing the Asset/Share Transaction. As contemplated by the Asset/Share Transaction, articles of amendment were filed by the Debtors changing the names of certain of the Thane entities as follows:
 - a) Thane International Inc. to 2657874, Inc.;
 - b) Thane Direct, Inc. to 2804906, Inc.;
 - c) Thane Direct Company to 3244585 Nova Scotia Company;
 - d) Thane Direct Marketing Inc. to 2194124 Ontario Inc.; and
 - e) Thane Direct Canada Inc. to 1262775 Ontario Inc.
8. Pursuant to the Sale Agreement, the Purchasers and the Lenders agreed to fund the outstanding and unpaid fees and expenses of various advisors (the "**Transaction Costs**"), including the fees of the Receiver and that of its counsel, Borden Ladner Gervais LLP and Womble Carlyle Sandridge & Rice LLP, incurred in connection with the Sale Agreement and closing of the Asset/Share Transaction.
9. On December 18, 2015 the Agent deposited approximately USD\$0.9 million and CAD\$2.9 million (collectively, the "**Professional Fees Fund**") with the Receiver, and the Receiver, the Agent and the Purchasers jointly entered into a direction regarding the payment of the Transaction Costs (the "**Transaction Costs Direction**").
10. Pursuant to the Transaction Costs Direction, on the discharge of the Receiver, any amounts held by the Receiver that were not necessary for the administration of the receivership would be paid by the Receiver as jointly directed by the Purchasers and the Agent.
11. The Asset/Share Transaction closed on December 18, 2015 ("**Closing**").

Statement of Receipts and Disbursements

12. In order to administer payments pursuant to the Transaction Costs Direction, the Receiver established Canadian Dollar and U.S. Dollar denominated bank accounts.
13. The Receiver's CAD and USD Statements of Receipts and Disbursements for the period from October 23, 2015 to October 23, 2016 are attached hereto as Appendices "A" and "B".

Status of Receivership Proceedings

14. As at the date of this report, the Receiver has realized on substantially all of the Debtors' Property. The Receiver continues, however, to pursue the potential recovery of corporate tax refunds relating to certain pre-filing tax years, as well as HST input tax credits resulting from the receivership proceedings.
15. Further information regarding the receivership proceedings and materials relating to the proceedings may be obtained from the Receiver's website at : <http://www.richter.ca/en/folder/insolvency-cases/t/thane-direct-company-et-al>

16. Further interim reports regarding the status of its appointment will be prepared approximately once every 6 months pursuant to subsection 246(2) of the BIA. Creditors who wish to receive a copy of this interim report may request a copy by writing to the Receiver at the following address:

Richter Advisory Group Inc.
Court Appointed Receiver of
Thane Direct Company, Thane Direct Canada Inc.,
Thane Direct Marketing Inc., Thane International, Inc.,
West Coast Direct Marketing, Inc., TDG, Inc. and Thane Direct, Inc.
181 Bay Street, Suite 3320
Toronto, ON M5J 2T3

Attention: Pritesh Patel
Telephone: +1 416 642 9421
Facsimile: +1 416 488 3765

Dated at Toronto, Ontario, on May 8, 2018

Richter Advisory Group Inc.
in its capacity as Receiver of
2657874, Inc. (formerly Thane International Inc.), 2804906, Inc. (formerly Thane Direct, Inc.), 3244585
Nova Scotia Company (formerly Thane Direct Company), 2194124 Ontario Inc. (formerly Thane Direct
Marketing Inc.), West Coast Direct Marketing, Inc., 1262775 Ontario Inc. (formerly Thane Direct Canada
Inc.) and TDG, Inc.
and Thane Direct, Inc. and not in its personal capacity

Per:



Pritesh Patel, MBA, CFA, CIRP, LIT
Vice President

APPENDIX A

**Thane Direct Company, Thane Direct Canada Inc., Thane Direct Marketing Inc., Thane International, Inc.,
West Coast Direct Marketing, Inc., TDG, Inc., and Thane Direct, Inc.**

Statement of receipts and disbursements (CAD\$ Account)

For the period October 23, 2015 to October 23, 2016

Receipts		Notes
Direction re Transaction Costs	2,867,217	1
Post-Filing HST Refunds	291,070	
Transfer from USD\$ Account	140,896	
Miscellaneous	1,672	2
Interest	4,299	
Total Receipts	<u>\$ 3,305,153</u>	
Disbursements		
Professional fees		1
Receiver	304,062	
Receiver's Canadian Counsel	250,683	3
Other Professional Fees per Transaction Costs Direction	1,898,792	
Post-Filing HST Paid	296,062	
Bank Charges	392	
Payment to Purchasers of Miscellaneous Receipts	1,672	2
Total disbursements	<u>\$ 2,751,662</u>	
Cash on Hand	<u><u>\$ 553,491</u></u>	

Notes:

1. On December 18, 2016, the Purchasers and Agent funded the Receiver with approximately CAD\$2.9 million and USD\$0.9 million to pay the fees of various professionals involved in the transaction, including the Receiver, its Canadian counsel and its U.S. counsel, pursuant to the terms of the Transaction Costs Direction.
2. Relates to WSIB refunds for the Debtors received for pre-filing period. Pursuant to the Asset/Share Transaction, these amounts were assets purchased by the Purchasers.
3. Excludes two BLG invoices dated July 6, 2015 and August 5, 2015 that were paid by the Debtors directly and not pursuant to the Transaction Costs Direction.

APPENDIX B

**Thane Direct Company, Thane Direct Canada Inc., Thane Direct Marketing Inc., Thane International, Inc.,
West Coast Direct Marketing, Inc., TDG, Inc., and Thane Direct, Inc.**

Statement of receipts and disbursements (USD\$ Account)

For the period October 23, 2015 to October 23, 2016

Receipts		Notes
Direction re Transaction Costs	936,520	1
Interest	508	
Total Receipts	<u>\$ 937,028</u>	
Disbursements		
Professional fees		1
Receiver's U.S. Counsel	83,254	
Other Professional Fees per Transaction Costs Direction	659,136	
Transfers to CDN\$ Account	103,372	
Bank Charges	53	
Total disbursements	<u>\$ 845,814</u>	
Cash on Hand	<u><u>\$ 91,214</u></u>	

Notes:

1. On December 18, 2016, the Purchasers and Agent funded the Receiver with approximately CAD\$2.9 million and USD\$0.9 million to pay the fees of various professionals involved in the transaction, including the Receiver, its Canadian counsel and its U.S. counsel, pursuant to the terms of the Transaction Costs Direction.