

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)

THURSDAY, THE 6TH

JUSTICE)

DAY OF OCTOBER, 2016

Neuman J.J.

)
)
)



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**

SIMPLEX APPROVAL AND VESTING ORDER

THIS MOTION, made by Richter Advisory Group Inc., in its capacity as the Court-appointed receiver (the "Receiver") of all of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor"), acquired for or used in relation to a business carried on by the Debtor (the "Property"), for an order approving the sale transaction (the "Transaction") contemplated by an offer to purchase made by Simplex Diam, Inc. and Sparkling Jewelry, Inc. (the "Purchaser") on September 8, 2016 and

accepted by the Receiver on September 9, 2016 (the "Sale Agreement") and appended to the Report of the Receiver dated September 29, 2016 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement and listed in Schedule B hereto (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and the schedules thereto, and on hearing the submissions of counsel for the Receiver, ~~counsel for the Purchaser~~, and such other counsel who were present, no one else appearing for any other person on the service list, although duly served as appears from the affidavits of Irene Artuso and Diane Lima sworn September 29 and October 1, 2016, respectively, filed:

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and the service thereof validated so that the Motion is properly returnable today.

SALE APPROVAL

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the acceptance and execution of the Sale Agreement by the Receiver be and 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 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 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 and listed on Schedule B hereto shall vest absolutely in the Purchaser, free and clear of and from any and all claims, liens and encumbrances of any kind whatsoever including, without limitation, 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; 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) and, for greater certainty, this Court orders that all of the Claims and 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, 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.

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 or any part of the business of the Debtor.

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 and any bankruptcy order issued pursuant to any such applications; and

- (c) any assignment in bankruptcy made in respect of the Debtor;

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 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.

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

GENERAL

9. 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:

OCT 06 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
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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 (the "Receiver") of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the “Debtor”).

B. Pursuant to an Order of the Court dated <@>, 2016, the Court approved an offer to purchase made by Simplex Diam, Inc. and Sparkling Jewelry, Inc. (the “Purchaser”) on September 8, 2016 and accepted by the Receiver on September 9, 2016 (the “Sale Agreement”)

and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to 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; (ii) that the conditions to closing as set out in the Sale Agreement including, without limitation, the Terms and Conditions of Sale, have been satisfied or waived by the Receiver and the Purchaser; and (iii) the sale transaction contemplated by the Sale Agreement (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 the Sale Agreement including, without limitation, the Terms and Conditions of Sale, 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 Corporation, 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc., and not in its personal capacity

Per: _____

Name:

Title:

Schedule B – Purchased Assets

Lot	Description
2	417 carats of Canadian loose diamonds and 3,214 carats of various colored stones, principally Rubies, Sapphires and Emeralds
4	JSN Canada finished jewelry, principally diamond rings, earrings, pendants and semi mounts
5	JSN US finished jewelry, principally Canadian Ice® branded diamond jewelry
6	JSN UK finished jewelry principally diamond jewelry including Canadian Ice® branded diamond jewelry
7	Forever Jewelry finished jewelry, principally rings, earrings and pendants
8	Estate jewelry, loose sapphires, rubies, emeralds and diamonds
9	Basket of semi-precious stones
10	Mountings, assorted loose diamonds and coloured stones
11	JSN US finished jewelry

Schedule C – Claims to be deleted and expunged

Nil

**Schedule D – Permitted Encumbrances, Easements and Restrictive Covenants
(unaffected by the Vesting Order)**

Nil

SALUS CAPITAL PARTNERS, LLC

Applicant

- and -

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

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced in Toronto

**ORDER
(Re: SIMPLEX APPROVAL
AND VESTING ORDER)**

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Lawyers for Richter Advisory Group Inc., in its
capacity as the Court-appointed Receiver