

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**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**

**MOTION RECORD OF RICHTER ADVISORY GROUP INC., IN ITS CAPACITY AS  
THE COURT-APPOINTED RECEIVER  
(RE: Distribution and Termination of Receivership)  
(Returnable April 20, 2017)**

April 13, 2017

**FASKEN MARTINEAU DUMOULIN LLP**  
Barristers and Solicitors  
333 Bay Street, Suite 2400  
Bay Adelaide Centre, Box 20  
Toronto, ON M5H 2T6

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

**TO:** THE ATTACHED SERVICE LIST

**SERVICE LIST AS OF APRIL 13, 2017**

- TO: AIRD & BERLIS LLP**  
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Toronto, ON M5J 2T9  
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*Lawyers for Salus Capital Partners, LLC*
- AND TO: FAAN ADVISORS GROUP INC.**  
220-6 Adelaide St East  
Toronto, ON M5C 1H6  
**Attention: Naveed Manzoor**  
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**AND TO:      SIMPLEX DIAM, INC. AND SPARKLE JEWELRY, INC.**  
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New York, New York 10036

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**AND TO      SPARKLE GEMS INC.**  
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**Attention:** Nitin Dhariwal

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*Lawyers to Joseph Shilon and related companies*

**AND TO: DEPARTMENT OF JUSTICE**  
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**AND TO: HER MAJESTY THE QUEEN IN RIGHT OF THE  
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P.O. Box 620

33 King Street West, 6th Floor

Oshawa, ON L1H 8E9

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**AND TO: PACE SAVINGS & CREDIT UNION LIMITED**

8111 Jane Street, Unit 1 & 2

Vaughan, ON L4K 4L7

**Attention: Lorraine Hensberger**

Tel: (905) 738-8900

Fax: (905) 738-8283

**AND TO: NATIONAL LEASING GROUP INC.**

1525 Buffalo Place

Winnipeg, MB R3T 1L9

Attention: Anna Neustaedter, Bankruptcy Designate

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Email: [Anna9093@nationalleasing.com](mailto:Anna9093@nationalleasing.com)

**AND TO: HALTON AUTOLEASE INC.**

4100 Harvester Road

Burlington, ON L7L 0C1

**AND TO: THE ARGEN CORPORATION**  
5855 Oberlin Drive  
San Diego, CA 92121  
USA

**Attention: Joe Rosen**

Fax: (858) 626-8652

**AND TO: HER MAJESTY THE QUEEN IN RIGHT OF CANADA  
REPRESENTED BY THE MINISTER OF NATIONAL  
REVENUE**

1 Front Street  
Toronto, ON M5J 2X6

**AND TO: INFINITY ASSET SOLUTIONS INC.**  
63 Maplecrete Road  
Concord, ON L4K 1A5

**Attention: Jason Hayne**

Email: jhayne@infinityassets.com

**With a Courtesy copy to:**

**AND TO: TORKIN MANES LLP**  
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Tel: (416) 863-1188

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Scottsdale, AZ, 85266

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Email: b.chisholm9999@gmail.com

# INDEX

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**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**

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- D Affidavit of Clark Lonergan sworn April 12, 2017
- E Affidavit of Stuart Brotman affirmed April 13, 2017



# **TAB 1**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**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

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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**

**NOTICE OF MOTION  
(returnable April 20, 2017)  
(Distribution & Termination of Receivership)**

**RICHTER ADVISORY GROUP INC.** (“Richter”), in its capacity as the Court-appointed receiver (in such capacity, the “Receiver”) of all of the assets, undertakings and properties 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. (collectively, the “Debtor”), acquired for or used in relation to a business carried on by the Debtor, will make a motion to a judge of the Commercial List on Thursday, April 20, 2017 at 10:00 a.m., or as soon after that time as the motion can be heard, at the Court House at 330 University Avenue, Toronto, Ontario.

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

**THE MOTION IS FOR:**

- (a) an Order substantially in the form attached hereto as Schedule “A” (the “**Receivership Termination Order**”), *inter alia*:
  - (i) abridging the time for service of the Notice of Motion and the Motion Record herein, if necessary, and validating service thereof;
  - (ii) authorizing and directing the Receiver to distribute to Salus Capital Partners, LLC (“**Salus**”) in partial satisfaction of the indebtedness owed to it by the Debtor (a) the amount of \$100,000, (b) such further amounts as the Receiver may determine from time to time are available for distribution to Salus, without further Order of the Court, and (c) as a distribution in kind, all uncollected and outstanding accounts receivable of the Debtor (“**Accounts Receivable**”) as at the Receivership Termination Time (as defined below), provided the aggregate distributions to Salus do not exceed the indebtedness owed to it by the Debtor;
  - (iii) upon the filing of the Receiver’s Discharge Certificate (as defined below), vesting all of the Debtor’s right, title and interest in and to all uncollected and outstanding Accounts Receivable free and clear of and from any and all Claims and Encumbrances (each as defined in the Receivership Termination Order);
  - (iv) approving the fourth report of the Receiver dated April 13, 2017 (the “**Fourth Report**”) and the activities of the Receiver referred to therein;

- (v) approving the Receiver's statement of receipts and disbursements referred to in the Fourth Report;
  - (vi) approving the Receiver's fees and disbursements for the period November 14, 2016 to March 31, 2017, and those of the Receiver's counsel, Fasken Martineau DuMoulin LLP ("**Fasken**"), for the period November 1, 2016 to April 10, 2017, as set out in the Fourth report and described in the affidavits of Clark Lonergan sworn April 12, 2017 (the "**Lonergan Affidavit**") and of Stuart Brotman affirmed April 13, 2017 (the "**Brotman Affidavit**");
  - (vii) approving the anticipated further fees and disbursements of the Receiver and of Fasken, estimated not to exceed \$65,000 (excluding HST), in connection with the completion by the Receiver of its remaining duties and administration of the receivership proceedings;
  - (viii) discharging and releasing the Receiver upon the Receiver filing a certificate substantially in the form attached as Schedule "A" (the "**Receiver's Discharge Certificate**") to the Receivership Termination Order (the "**Receivership Termination Time**");
  - (ix) discharging and releasing FAAN Advisory Group Inc., the Chief Restructuring Officer of the Debtor, as of the Receivership Termination Time; and
- (b) such further and other relief as this Honourable Court may deem just.

**THE GROUNDS FOR THE MOTION ARE:**

- (a) those grounds set out in the Fourth Report, and the appendices thereto, filed;
- (b) the provisions of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended;
- (c) the provisions of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (d) the inherent and equitable jurisdiction of this Court;
- (e) Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (f) such further other grounds as counsel may advise and this Court may permit.

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

- (a) the Fourth Report and the appendices thereto;
- (b) the Lonergan Affidavit;
- (c) the Brotman Affidavit; and
- (d) such further and other material as counsel may advise and this Honourable Court may permit.

April 13, 2017

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

**TO:** THE ATTACHED SERVICE LIST

**SALUS CAPITAL PARTNERS, LLC**

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

- and -

Applicant

Respondents

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced in Toronto

**NOTICE OF MOTION**  
(Returnable April 20, 2017)  
(Re: Distribution & Termination of Receivership)

**FASKEN MARTINEAU DUMOULIN LLP**

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

# **SCHEDULE “A”**



**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE  
JUSTICE

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)  
)

THURSDAY, THE 20<sup>th</sup>  
DAY OF APRIL, 2017

**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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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**

**ORDER  
(DISTRIBUTION & TERMINATION OF RECEIVERSHIP)**

THIS MOTION, made by Richter Advisory Group Inc. (“**Richter**”), in its capacity as the Court-appointed receiver (in such capacity, the “**Receiver**”) of all of the assets, undertakings and properties 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. (collectively, the “**Debtor**”), acquired for or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Fourth Report of the Receiver dated April 13, 2017, and the appendices thereto (the “**Report**”), and on hearing the submissions of counsel for the Receiver, counsel for the Applicant, 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 affidavit of Irene Artuso sworn April 13, 2017, filed:

## **SERVICE & DEFINITIONS**

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.
2. THIS COURT ORDERS that capitalized terms used but not otherwise defined in this Order shall have the meanings ascribed thereto in the Report.

## **DISTRIBUTION**

3. THIS COURT ORDERS that the Receiver be and is hereby authorized and directed to distribute to Salus Capital Partners, LLC ("**Salus**"), in partial satisfaction of the indebtedness owed to it by the Debtor:
  - (a) the amount of \$100,000, and such further amounts as the Receiver may determine from time to time are available for distribution to Salus, without further Order of the Court; and
  - (b) as a distribution in kind, all uncollected and outstanding Accounts Receivable as at the Receivership Termination Time (as defined below);

provided the aggregate distributions to Salus do not exceed the indebtedness owed to it by the Debtor.

4. THIS COURT ORDERS that, upon the filing of the Receiver's Discharge Certificate (as defined below), all of the Debtor's and the Receiver's right, title and interest in and to all uncollected and outstanding Accounts Receivable shall vest absolutely in Salus, 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; and (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; (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 such Accounts Receivable are hereby expunged and discharged.

#### **ACTIVITIES OF RECEIVER**

5. THIS COURT ORDERS that the Report, and the activities of the Receiver referred to therein, be and are hereby approved.

6. THIS COURT ORDERS that the Receiver’s statement of receipts and disbursements referred to in the Report be and are hereby approved.

#### **ACTIVITIES OF CRO**

7. THIS COURT ORDERS that the activities of FAAN Advisors Group Inc. (“**FAAN**”), the Chief Restructuring Officer of the Debtor (“**CRO**”), prior to the date hereof in relation to the Debtor and these receivership proceedings be and are hereby ratified and approved, provided however, that only the CRO, in its personal capacity and only with respect to its own personal liability, shall be entitled to rely upon or utilize in any way such approval.

#### **FEES AND DISBURSEMENTS**

8. THIS COURT ORDERS that the fees and disbursements of the Receiver for the period November 14, 2016 to March 31, 2017, as set out in the Report and described in the affidavit of Clark Lonergan sworn April 12, 2017, be and are hereby approved.

9. THIS COURT ORDERS that the fees and disbursements of the Receiver’s counsel, Fasken Martineau DuMoulin LLP (“**Fasken**”), for the period November 1, 2016 to April 10, 2017, as set out in the Report and described in the affidavit of Stuart Brotman affirmed April 13, 2017, be and are hereby approved.

10. THIS COURT ORDERS that anticipated further fees and disbursements of the Receiver and Fasken in connection with the completion by the Receiver of its remaining duties and administration of these receivership proceedings, estimated not to exceed \$65,000 (excluding HST), all as set out in the Report, be and are hereby approved, and that the Receiver and Fasken shall not be required to pass their accounts in respect of any further activities in connection with

the administration of these receivership proceedings provided the fees and disbursements of the Receiver and Fasken do not exceed the all-inclusive aggregate amount of \$65,000 (excluding HST).

### **TERMINATING RECEIVERSHIP**

11. THIS COURT ORDERS that upon the Receiver filing a certificate substantially in the form attached hereto as Schedule "A" (the "**Receiver's Discharge Certificate**") certifying that the distributions set out in paragraph 3(a) of this Order have been made and that it has completed the other activities in connection with the receivership proceedings described in the Report, the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor effective as of the date and time set out in the Receiver's Discharge Certificate (the "**Receivership Termination Time**"), provided however that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of Richter in its capacity as Receiver.

12. THIS COURT ORDERS AND DECLARES that Richter be and is hereby released and discharged from any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting in its capacity as Receiver herein, save and except for any gross negligence or wilful misconduct on the Receiver's part. Without limiting the generality of the foregoing, Richter is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the Receiver's part.

13. THIS COURT ORDERS that no action or other proceeding shall be commenced against Richter in any way arising from or related to its capacity or conduct as Receiver except with prior leave of this Court and on prior written notice to Richter.

14. THIS COURT ORDERS that the Receiver's Charge and the Receiver's Borrowing Charge (as defined in the Receivership Order) shall be and are hereby terminated, released and discharged at the Receivership Termination Time.

#### **CRO RELEASE**

15. THIS COURT ORDERS that effective the Receivership Termination Time, the appointment of FAAN as CRO in these receivership proceedings is hereby terminated, provided however that notwithstanding the termination of its appointment as CRO (a) the CRO shall remain CRO for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the CRO shall continue to have the benefit of the provisions of all Orders made in this proceeding, including all approvals, protections and stays of proceedings in favour of FAAN in its capacity as CRO.

16. THIS COURT ORDERS AND DECLARES that FAAN be and is hereby released and discharged from any and all liability that FAAN now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of FAAN while acting in its capacity as CRO, save and except for any gross negligence or wilful misconduct on the CRO's part. Without limiting the generality of the foregoing, FAAN is hereby forever released and discharged from any and all liability relating to matters that were raised, or which could have been raised, in the within receivership proceedings, save and except for any gross negligence or wilful misconduct on the CRO's part.

17. THIS COURT ORDERS that no action or other proceeding shall be commenced against FAAN in any way arising from or related to its capacity or conduct as CRO except with prior leave of this Court and on prior written notice to FAAN.

#### **GENERAL**

18. 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.

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SCHEDULE "A"

Court File No CV-16-11439-00CL

*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  
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

RECEIVER'S DISCHARGE CERTIFICATE

RECITALS

- A. Richter Advisory Group Inc. was appointed as 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 Corp., 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 pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 16, 2016 (the "**Receivership Order**");
- B. Pursuant to an Order of the Court dated April 20, 2017 (the "**Receivership Termination Order**"), the Receiver shall be discharged as Receiver of the undertaking, property and assets of the Debtor upon the filing of this Receiver's Discharge Certificate with the Court;
- C. Unless otherwise indicated herein, capitalized terms used in this Receiver's Discharge Certificate shall have the meanings ascribed thereto in the Receivership Termination Order.

**THE RECEIVER CERTIFIES** the following:

1. The distributions contemplated at paragraph 3(b) of the Receivership Termination Order have been made; and
2. The Receiver has completed the activities in connection with the receivership proceedings described in the Report.

**ACCORDINGLY**, the Receivership Termination Time as defined in the Receivership Termination Order has occurred.

DATED at Toronto, Ontario at \_\_\_\_\_[TIME] on this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

**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., 2373138 ONTARIO INC.,  
ALWAYS & FOREVER FAMILY  
COLLECTION INCORPORATED AND  
P.M.R. INC. and not in its personal  
capacity

By: \_\_\_\_\_

Name:

Title:



**SALUS CAPITAL PARTNERS, LLC**

Applicant

- and -

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

Respondent

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced in Toronto**

**ORDER  
(Re: DISTRIBUTION & TERMINATION OF  
RECEIVERSHIP)**

**FASKEN MARTINEAU DUMOULIN LLP**

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

# **TAB 2**

**RICHTER**

Richter Advisory Group Inc.  
181 Bay Street, 33rd Floor  
Toronto, ON M5J 2T3  
[www.richter.ca](http://www.richter.ca)

**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.**

**FOURTH REPORT OF RICHTER ADVISORY GROUP INC.,  
IN ITS CAPACITY AS RECEIVER 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.**

April 13, 2017

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

BETWEEN:

**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 section 243 of the *Bankruptcy and Insolvency Act*,  
R.S.C. 1985, c. B-3, as amended, and under section 101 of the  
*Courts of Justice Act*, R.S.O. 1990, c. C.43**

**FOURTH REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS COURT APPOINTED RECEIVER 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.**

**April 13, 2017**

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## I. INTRODUCTION

1. Richter Advisory Group Inc. ("**Richter**"), was appointed as receiver (the "**Receiver**"), without security, of all of the assets, properties and undertakings (the "**Property**") of J.S.N. Jewellery Inc. ("**JSN Jewellery**"), 2373138 Ontario inc. ("**237**"), Always & Forever Family Collection Inc. ("**A&F**" or "**Always and Forever**"), and P.M.R. Inc. ("**PMR**"), (collectively, the "**Canadian Debtors**"), GMJ Corp. ("**GMJ**", "**JSN US**" or "**U.S. Debtor**" ), and J.S.N. Jewellery UK Limited ("**JSN UK**" or the "**UK Debtor**", and together with the Canadian Debtors and the U.S. Debtor, "**JSN**", the "**Company**" or the "**Debtor Companies**") pursuant to an order (the "**Receivership Order**") of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated August 16, 2016 (the "**Date of Appointment**"). A copy of the Receivership Order is attached hereto as **Appendix "A"**.
2. The Receivership Order also ratified the appointment by JSN of FAAN Advisors Group Inc. ("**FAAN**") as its Chief Restructuring Officer ("**CRO**") and directed that the CRO act in accordance with instructions from the Receiver for such time as the Receiver determines It appropriate. The Court authorized and redirected the Receiver to transfer the amount of \$191,635.05 (the "**Holdback Amount**") to be held In trust by JSN's counsel to satisfy the Holdback Obligations (as defined in the Receivership Order) to be returned to the Receiver at such time as the CRO and the Receiver mutually agreed. in January 2017, the CRO released the Holdback Amount to the Receiver.
3. Pursuant to an Approval and Vesting Order issued by the Honourable Justice Newbould, also dated August 16, 2016 (the "**AVO**"), the Receiver was authorized and directed to execute the Sale Agreement (as defined in the AVO) and, on closing of the transaction, the purchased assets vested In the purchaser, Unique Designs, inc. ("**Unique**" or the "**Purchaser**"), free and clear of all claims but subject to the determination of the Sharon Stone Claim<sup>1</sup> (the "**Unique Transaction**"). The report of Richter, in its capacity as proposed receiver of JSN dated August 8, 2016 (the "**Proposed Receiver's Report**"), addresses the Unique Transaction.
4. Pursuant to a Notice of Motion dated August 22, 2016, Utopia Jewellery Ltd. ("**Utopia**") and Sharon Stone Inc. ("**Sharon Stone**")<sup>2</sup> commenced a motion in the receivership proceedings seeking, inter alia, a declaration that the assets defined as "Molds" in the affidavits of Shmuel (Samuel) Cohen and Caria Elsnor, each dated August 15, 2016, are the property of Sharon Stone and do not form any part of the assets purchased by Unique pursuant to the Unique Transaction. The first report of Richter, in its capacity as Receiver dated September 22, 2016 (the "**First Report**"), addresses the Sharon Stone Claim.

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<sup>1</sup> As defined in the AVO.

<sup>2</sup> The Notice of Motion describes the Sharon Stone corporate entity as "Sharon Stone Inc." The affidavit of Shmuel Cohen describes the entity as "Sharon Stone Co. Ltd." As set out in the first report of the Receiver, the Receiver believes that the description in the affidavit is accurate.

5. Pursuant to two (2) Approval and Vesting Orders issued by the Honourable Justice Newbould, both dated October 6, 2016, the Receiver was authorized and directed to execute the Sundry Assets Sale Agreements<sup>3</sup> and, on closing of the transactions (the "**Sundry Assets Transactions**"), the purchased jewellery assets vested in the purchasers, Sparkle Gems Inc. and Simplex<sup>4</sup>, respectively, free and clear of all claims. The second report of Richter, in its capacity as Receiver dated September 29, 2016 (the "**Second Report**"), addresses the Sundry Assets Transactions.
6. An additional order dated October 6, 2016 (the "**Distribution and Auction Order**") authorized and directed the Receiver to, among other things, make an interim distribution to Salus Capital Partners, LLC as lender and agent for other lenders ("**Salus**" or the "**Lender**"), execute the Auction Agreement and implement the Monetization Plan (each as defined in the Second Report), liquidate the Company's furniture, fixtures, and equipment, and monetize and dispose of the Company's scrap jewellery and other remaining assets. The Second Report also addresses the Auction Agreement and the Monetization Plan.
7. Pursuant to an order dated December 1, 2016 (the "**Summary Judgment and Distribution Order**"), the Receiver was authorized and directed to, among other things, make additional distributions to Salus. In the Summary Judgment and Distribution Order, the Court further ordered that the Sharon Stone Claim was dismissed as a result of a settlement (the "**Terms of Settlement**") agreed to between the parties<sup>5</sup>. A copy of the Summary Judgment and Distribution Order is attached hereto as **Appendix "B"**. The Receiver's third report dated November 25, 2016 (the "**Third Report**") provides information in connection with the settlement of the Sharon Stone Claim.
8. The prior reports of the Receiver, the orders of the Court and other materials relevant to these proceedings are posted on the Receiver's website at <http://www.richter.ca/en/folder/insolvency-cases//jsn-jewellery-inc>.

## II. PURPOSE OF REPORT

9. The purpose of this fourth report of the Receiver (the "**Fourth Report**") is to:
  - a) Provide this Court with certain information pertaining to:
    - (i) The status of the Unique Transaction;
    - (ii) The termination of a letter agreement between the Receiver and [REDACTED] (the "**Consulting Agreement**"), resulting from a violation of the terms of the agreement;
    - (iii) The activities of the Receiver since the date of the Third Report;

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<sup>3</sup> As defined in the Second Report (as hereinafter defined).

<sup>4</sup> Simplex refers to Simplex Dlam Inc. and Sparkling Jewelry Inc., jointly.

<sup>5</sup> The Receiver, Unique, Sharon Stone, Salus, and Utopia Jewellery Ltd (a party affiliated with JSN and Sharon Stone).

- (iv) The Receiver's receipts and disbursements for the period from the Date of Appointment to and including March 31, 2017; and
  - (v) The Receiver's estimate of accrued and unpaid obligations as of the date of this Fourth Report (the "**Accrued Obligations**"), and the Receiver's estimate of professional fees and disbursements, including those of its counsel, and administrative costs required to complete these receivership proceedings (the "**Remaining Costs**", and together with the Accrued Obligations, the "**Outstanding Disbursements**").
- b) Recommend that this Court make an order(s):
- (i) Approving this Fourth Report including the actions and activities of the Receiver set out herein;
  - (ii) Approving the Receiver's statement of receipts and disbursements from the Date of Appointment to and including March 31, 2017;
  - (iii) Approving the accounts of the Receiver and its counsel, as set out in this Fourth Report, and authorizing the Receiver to pay the accounts of the Receiver and its counsel;
  - (iv) Authorizing and directing the Receiver to make an interim distribution to Saius in the amount of \$100,000, and to make subsequent distributions to Saius as the Receiver determines are available for distribution up to the amount of Saius' secured claim, without further order of the Court;
  - (v) Authorizing and directing the Receiver to assign the Company's remaining accounts receivable (the "**Accounts Receivable**") to Saius, as a distribution in kind, in partial payment of its secured claim against the Property;
  - (vi) Discharging Richter as Receiver upon completion of the Remaining Matters (as hereinafter defined), including terminating the Receiver's Charge and the Receiver's Borrowing Charge, as provided for in the Receivership Order, and subject to the Receiver filing a discharge certificate (the "**Discharge Certificate**") confirming the same with the Court;
  - (vii) Ordering and declaring that, effective upon its discharge as Receiver, Richter has duly and properly discharged its duties, responsibilities and obligations as the Receiver of JSN and discharging and releasing the Receiver from any and all further obligations as Receiver of JSN and any and all liability relating in any way to the acts or omissions of Richter while acting as Receiver, save and except for the Receiver's gross negligence or willful misconduct; and
  - (viii) Declaring that, effective upon the discharge of the Receiver, FAAN be released from any and all liability relating in any way to the acts or omissions of FAAN while acting as CRO, save and except for FAAN's gross negligence or willful misconduct.



### III. QUALIFICATIONS

10. In preparing this Fourth Report, Richter has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management (including the CRO) (collectively, the "**Information**"). Richter has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. Richter has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Canadian Institute of Chartered Accountants Handbook and, as such, Richter expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company's financial forecasts in accordance with the Canadian Institute of Chartered Accountants Handbook has not been performed. Future-oriented financial information reported on or relied upon in this Fourth Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.
11. Unless otherwise noted, all monetary amounts contained in this Fourth Report are expressed in Canadian dollars ("**CAD**").

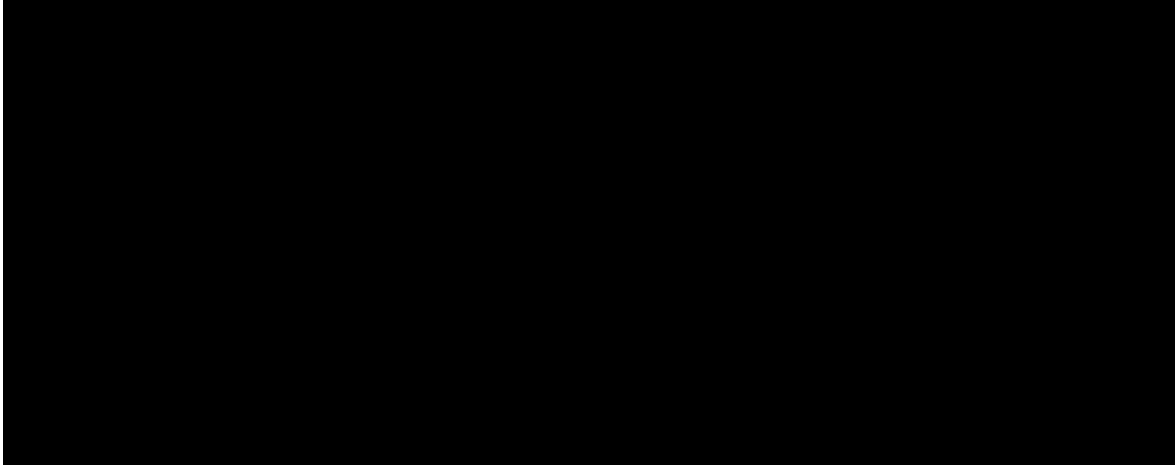
### IV. UNIQUE TRANSACTION

12. As described in greater detail in the Second Report, the Receiver entered into the Sale Agreement with Unique, and the Unique Transaction closed upon the delivery of a Receiver's Certificate on August 18, 2016. The Sale Agreement provided for the payment of part of the balance of purchase price into escrow, including but not limited to an amount relating to:
  - a) the outcome of the Sharon Stone Claim (the "**Designs Escrow Fund**"). Pursuant to the Summary Judgment and Distribution Order, the Designs Escrow Fund was released to the Receiver and a portion was distributed to Salus while the balance was refunded to Unique, respectively. Also as directed by the Court, the Receiver withheld an amount for Transfer Taxes (as defined in the Sale Agreement) owing and unpaid by Unique in connection with Unique Transaction that would otherwise have been refunded to Unique. The Receiver subsequently paid such amount on account of Transfer Taxes owing to the respective government agencies; and
  - b) any legal action brought by an unsecured trade creditor of either JSN UK or GMJ that was five (5) months after the Closing Date (the "**Escrow Termination Date**"), being January 18, 2017, which was to compensate Unique to the extent of any losses suffered. As at the Escrow Termination Date, no legal action had been

brought to the Receiver's attention. As such, upon notification to Unique's counsel, the Receiver released the escrow funds for the benefit of the receivership estate.

## V. CONSULTING AGREEMENT

13.



## VI. ACTIVITIES OF THE RECEIVER

14. The activities of the Receiver from the Date of Appointment to November 25, 2016 are detailed in the Second Report and the Third Report. Subsequent to the filing of the Third Report, the Receiver's activities have included:
- a) Collecting the Company's accounts receivable, and engaging a third party collections agency to assist with same;
  - b) Arranging for the shipment to Unique of all assets remaining in the Receiver's possession that were subject to the Sharon Stone Claim, pursuant to the Terms of Settlement;
  - c) Recording receipts and disbursements, including the preparation of the Receiver's statement of receipts and disbursements from the Date of Appointment to and including March 31, 2017;
  - d) Arranging for payments related to the receivership proceedings, including final utilities payments for the Receiver's occupation of the Company's premises, and other services;
  - e) Paying the Transfer Taxes in connection with Unique Transaction;
  - f) Facilitating the release of the Holdback Amount from the CRO to the Receiver;
  - g) Communicating with the CRO regarding the JSN UK Wind-down (as defined in the Third Report). The Receiver did not go into possession or control of JSN UK at any time. The CRO remained in possession and control of JSN UK and its property, as CRO of JSN, including the JSN UK bank accounts. The CRO facilitated the JSN UK Wind-down on an informal basis, including the closure of the entity's bank accounts, and has

transferred all remaining funds to the Receiver. The Receiver understands that no further proceeds will be forthcoming from JSN UK;

- h) Facilitating the completion of income tax returns of the Canadian and U.S. entities to the best of the Receiver's ability, based on the pre-receivership information available, to satisfy administrative requirements;
- i) Preparing and filing excise tax returns for the receivership period;
- j) Preparing and filing an interim report with the Office of the Superintendent of Bankruptcy, as required under section 246(2) of the *Bankruptcy and Insolvency Act* (the "BIA");
- k) Preparing this Fourth Report; and
- l) Corresponding and communicating with Salus and its counsel in connection with various aspects of the receivership proceedings.

## VII. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

15. The Receiver's statement of receipts and disbursements for the period from the Date of Appointment to and including March 31, 2017 (the "R&D") is reported on a consolidated basis, and is summarized as follows:

<b>JSN</b>		
<b>Statement of Receipts and Disbursements</b>		
<b>For the period August 16, 2016 to March 31, 2017</b>		
<b>Receipts</b>		<b>Notes</b>
Unique Transaction	\$ 4,666,515.80	
Sundry Asset Transactions	4,450,330.37	
Net Proceeds received from JSN UK	3,739,749.32	a
Accounts receivable collections (net of collections agency fee)	1,220,391.37	
Cash in bank at the receivership date	415,303.97	
Asset realizations - scrap precious metal	221,230.33	
Release of Holdback Amount	191,636.05	
Pre-receivership GST/HST refund	155,197.82	
Asset realizations - Fixed Assets	76,198.00	
GST/HST refund in receivership	61,082.48	
Refund of insurance premium	18,832.98	
Refund of pre-receivership overpayment	3,772.45	
Interest earned (net of bank charges)	1,423.68	
GST/HST collected on sales	258.05	
<b>Total Receipts</b>	<b><u>\$ 15,221,922.67</u></b>	
<b>Disbursements</b>		
Professional fees - Receiver (Aug. 16/16 - Feb. 3/17)	530,798.84	
Other legal and tax preparation costs	259,084.54	b
Consultant fees	214,985.29	c
Holdback Amount	191,636.05	
Professional fees - Receiver's counsel (Aug. 16/16 - Dec. 31/16)	185,700.96	
Provincial sales taxes paid on disbursements	134,694.81	
Independent contractor services	75,983.49	
Pre-receivership company payroll	28,954.65	
IT consulting services	24,457.61	
Occupation rent	21,240.16	
Other occupation costs	17,021.05	
Insurance	16,013.05	
Freight & utilities	8,132.74	
Security & storage	6,820.84	
Receivership filing fees	70.00	
<b>Total Disbursements</b>	<b><u>\$ 1,715,594.08</u></b>	
<b>Excess of Receipts over Disbursements</b>	<b>\$ 13,506,328.59</b>	
Interim Distributions to Secured Lender	(13,315,787.64)	d
Foreign exchange loss on conversion of cash on hand	(9,074.87)	
<b>Cash on Hand <sup>(1)</sup></b>	<b><u>\$ 181,466.08</u></b>	
<b>Note:</b>		
<sup>1</sup> USD-denominated cash on hand has been converted to CAD at the Bank of Canada March 31, 2017 daily noon rate (1.3322) for presentation purposes.		

Notes:

- a) Approximately US\$3,280,000 in net proceeds from JSN UK was paid to the Receiver by the CRO, reflecting net realizations on the JSN UK assets;
  - b) Other legal and tax preparation costs include the services of foreign legal counsel engaged by the Receiver to provide independent legal opinions on Salus' security under foreign jurisdictions, and legal advice with respect to the foreign entities, GMJ and JSN UK, for the Unique Transaction and the receivership proceedings generally, and with respect to investigation of the Sharon Stone Claim. Also included in these costs are the fees paid to date for the preparation of income tax returns to satisfy administrative requirements;
  - c) Consultant fees comprise fees paid to Consensus and the Jewellery Consultant (each as defined in the Second Report) engaged by the Receiver in connection with the Sundry Assets Transactions; and
  - d) As per the terms of the Distribution and Auction Order and the Summary Judgment and Distribution Order, the Receiver has made interim distributions to Salus in the aggregate amount of approximately \$13,300,000.
16. As detailed in the table above, the Receiver had total receipts of approximately \$15,220,000 between the Date of Appointment and March 31, 2017, the majority of which relate to proceeds from the Unique Transaction, the Sundry Assets Transactions, and accounts receivable collections. Total disbursements over the same period were approximately \$1,720,000, and as at March 31, 2017, cash on hand was approximately \$180,000.
17. The Receiver estimates there remains approximately \$35,000 in Accrued Obligations relating primarily to professional fees and disbursements incurred up to the date of this Fourth Report as part of these receivership proceedings. In addition, the Receiver estimates Remaining Costs in the amount of approximately \$85,000, including remaining professional fees and disbursements of the Receiver and its counsel (the "**Remaining Fees and Disbursements**") in the amount of approximately \$65,000 (all excluding HST).
18. The Receiver seeks authority to pay the Remaining Fees and Disbursements from cash on hand without further order of this Court.

19. Furthermore, as authorized and directed in the Summary Judgment and Distribution Order, the Receiver plans to make an interim distribution to Salus in the amount of \$100,000 and to make subsequent distributions to Salus as the Receiver determines are available for distribution to Salus up to the amount of Salus' secured claim. The table below details the estimated net cash reserve available to cover the Outstanding Disbursements after the proposed interim distribution, as at the date of this Fourth Report:

<b>JSN</b>	
<b>Funds Available for Interim Distribution</b>	
<b>As at the date of the Fourth Report</b>	
Cash on Hand as at March 31, 2017	\$ 181,466.08
Further net proceeds received (approx.)	60,000.00
Proposed Interim Distribution	(100,000.00)
<b>Net Reserve</b>	<b>\$ 141,466.08</b>

### VIII. PRIORITY CLAIMS

20. As detailed in the Third Report, approximately \$152,800 in HST input tax credits claimed by the Canadian Debtors relating to the pre-receivership period, have been paid by the Canada Revenue Agency ("CRA") to the Receiver. Prior to issuing these refunds, the CRA had completed an HST review and highlighted no material items to the Receiver. Additionally, the Receiver understands that the Canadian Debtors made normal course remittances to CRA in connection with source deductions withheld from employees. As such, the Receiver is not aware of any amounts that would be subject to a deemed trust in favour of CRA and the Receiver has not been contacted by CRA in connection with same.
21. The Receiver is not aware of any amounts owing to the former employees of the Canadian Debtors (the "**Former Employees**") that would have priority pursuant to section 81.4 of the BIA, as the Receiver paid all outstanding wages and vacation pay owing at the Date of Appointment, as detailed in the Second Report. Similarly, the Receiver understands that the Company did not provide a registered pension plan for its employees. Accordingly, the Receiver is not aware of any amounts owing to the Former Employees pursuant to section 81.6 of the BIA.

### IX. REMAINING MATTERS TO BE COMPLETED IN THESE PROCEEDINGS

22. If this Court grants the order requested herein, the Receiver will have completed its duties, statutory or otherwise, except for the following (the "**Remaining Matters**"):
- a) Assisting Salus in collecting the Company's remaining accounts receivable. In consultation with Salus, the Receiver recommends that the remaining Accounts Receivable, which amount to approximately \$200,000 (book value) be assigned to Salus as a distribution in kind in partial reduction of the JSN indebtedness rather than collected by the Receiver;

- b) Paying the Outstanding Disbursements;
- c) Completing and filing the Company's remaining 2016 and 2017 corporate tax returns with CRA and the Internal Revenue Service ("IRS");
- d) Pursuing the potential recovery of any unclaimed HST paid during these proceedings;
- e) Making a final distribution to the Lender in respect of its secured claim. Based on the estimated realizations for the Property, Saius is the only creditor with an economic interest in the Property; and
- f) Attending to other administrative matters incidental to these proceedings such as filing the Receiver's report pursuant to section 246(3) of the BIA.

23. Upon the completion of the Remaining Matters, the Receiver will have realized on the Property and completed its statutory duties as well as those duties set out in the Receivership Order or subsequent orders of this Court. Accordingly, the Receiver is of the view that it is appropriate to seek an order of the Court discharging the Receiver upon the filing of the Discharge Certificate with this Court certifying that all of the Remaining Matters have been completed.

#### **Request for Approval of Fees**

- 24. The Receiver and its counsel, Fasken Martineau DuMoulin LLP ("Fasken"), have maintained detailed records of their professional time and disbursements since the Date of Appointment.
- 25. The Receiver's professional fees incurred for services rendered from November 14, 2016 to March 31, 2017 amount to \$84,617.25, plus disbursements in the amount of \$968.86 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Receiver's professionals is described in the affidavit of Clark Lonergan attached hereto as **Appendix "D"**.
- 26. The fees of the Receiver's counsel, Fasken, for services rendered from November 1, 2016 to April 10, 2017 total \$27,572.00, plus disbursements in the amount of \$939.62 (all excluding HST). These amounts represent professional fees and disbursements not yet approved by the Court. The time spent by the Fasken professionals is described in the affidavit of Stuart Brotman attached hereto as **Appendix "E"**.
- 27. The Receiver has reviewed Fasken's accounts and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.
- 28. In addition to the fees incurred by the Receiver and its counsel noted above, and on the assumption that there are no delays, disputes or unforeseen developments in connection with these proceedings, including the within motion, and the performance of the Remaining Matters, the Receiver has estimated Remaining Fees and Disbursements in

the amount of \$65,000 for the Receiver and its counsel (all amounts excluding HST). These amounts represent the Receiver's best estimate of the reasonable professional and legal fees required to complete the administration of these proceedings up to the effective date of discharge.

## **X. RECOMMENDATIONS**

29. To the best of the Receiver's knowledge and belief, all duties of the Receiver, as set out in the Receivership Order and subsequent orders of this Court, will be completed upon completion of the Remaining Matters.
30. Based on the foregoing, the Receiver respectfully recommends that the Court issue an order(s):
  - a) Approving this Fourth Report and the actions, activities and conduct of the Receiver set out herein;
  - b) Approving the Receiver's R&D;
  - c) Approving the accounts of the Receiver and its counsel, including the Remaining Fees and Disbursements, as set out in this Fourth Report;
  - d) Authorizing and directing the Receiver to make an interim distribution in the amount of \$100,000, and to make subsequent distributions to Saius as the Receiver determines are available for distribution up to the amount of Saius' secured claim, without further order of the Court;
  - e) Authorizing and directing the Receiver to assign the Accounts Receivable to Saius as a distribution in kind in partial payment of its secured claim against the Property;
  - f) Discharging the Receiver upon completion of the Remaining Matters, including terminating the Receiver's Charge and the Receiver's Borrowing Charge, as provided for in the Receivership Order, and subject to the Receiver filing the Discharge Certificate confirming the same with the Court;
  - g) Ordering and declaring that, effective upon its discharge as Receiver, Richter has duly and properly discharged its duties, responsibilities and obligations as the Receiver of the Company and discharging and releasing Richter from any and all further obligations as Receiver of the Company and any and all liability that Richter now has or may hereafter have by reason of, or in any way arising out of, the acts or omissions of Richter while acting as Receiver, save and except for the Receiver's gross negligence or willful misconduct; and
  - h) Declaring that, effective upon the discharge of the Receiver, FAAN be released from any and all liability relating in any way to the acts or omissions of FAAN, save and except for FAAN's gross negligence or willful misconduct.




All of which is respectfully submitted on the 13<sup>th</sup> day of April, 2017.

**Richter Advisory Group Inc.  
in its capacity as Receiver 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. and not in its personal capacity**



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Clark Lonergan, CPA, CA, CIRP  
Senior Vice-President



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Katherine Forbes, CPA, CA  
Vice-President

# **APPENDIX "A"**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE

)

TUESDAY, THE 16<sup>TH</sup>

JUSTICE NEWBOULD

)

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**

**ORDER  
(appointing Receiver)**

THIS APPLICATION made by Salus Capital Partners, LLC ("Salus") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing Richter Advisory Group Inc. ("Richter") as receiver (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties 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. (collectively, the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING 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 the proposed Receiver dated August 8, 2015 (the "Report"), and the Appendices thereto, the affidavit of Kenneth R. Rosenstein sworn August 16, 2016, and the exhibit 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 hearing the submissions of counsel for Salus, the proposed Receiver, Sharon Stone Co. Ltd. ("Sharon Stone"), and such other counsel as were present, no one appearing for any other party although duly served as appears from the affidavit of service of Miranda Spence sworn August 5, 2016, filed, and on reading the consent of Richter to act as the Receiver,

#### **SERVICE**

1. **THIS COURT ORDERS** that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

#### **APPOINTMENT**

2. **THIS COURT ORDERS** that, pursuant to section 243(1) of the BIA and section 101 of the CJA, Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "Property").

#### **RECEIVER'S POWERS**

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property, subject to paragraphs 18 to 20 of this Order;

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or

applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
  - (i) without the approval of this Court in respect of any transactions, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
  - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable and including, without limitation, the Court-appointed Monitor in the *Companies' Creditors Arrangement Act* proceedings of Ben Moss Jewellers Western Canada Ltd.;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (r) ~~if the Transaction (as defined in the affidavit of Kyle Shonak, sworn on August 4, 2016) is approved by this Court and the Transaction closes, to act as agent of the Escrow Amounts and the Designs Escrow (as defined in the Purchase Agreement) referred to in the said affidavit) with all protection afforded to the Receiver under this Order; and~~
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person. For certainty, the Receiver shall not, as a result of its appointment or the powers conferred upon the Receiver pursuant to this Order, be or be deemed to be in possession or control of any Property or any part of the business of the Debtor unless the Receiver has in fact taken possession or exercised control over such Property or business.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the

foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request, subject to paragraphs 18 to 20 of this Order.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.



7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

**NO PROCEEDINGS AGAINST THE RECEIVER**

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

**NO PROCEEDINGS AGAINST THE DEBTOR, THE CRO OR THE PROPERTY**

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor, the CRO (as defined below) or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

**NO EXERCISE OF RIGHTS OR REMEDIES**

10. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the CRO, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the

environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

#### **CONTINUATION OF SERVICES**

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### **CHIEF RESTRUCTURING OFFICER**

13. **THIS COURT RATIFIES** the appointment of FAAN Advisors Group Inc. ("FAAN") as Chief Restructuring Officer of the Debtor (the "CRO").

14. **THIS COURT ORDERS** that the CRO will act in accordance with instructions from the Receiver and for the duration of time determined by the Receiver, subject to further Order of the Court.

15. **THIS COURT ORDERS** that the CRO shall not be or be deemed to be a director, officer or employee of the Debtor.

16. **THIS COURT ORDERS** that nothing in this Order nor the appointment of FAAN as CRO of the Debtor shall be construed as resulting in FAAN or the CRO being an employer, successor employer, responsible person or operator within the meaning of any statute, regulation or rule of law, or equity for any purpose whatsoever.

17. **THIS COURT ORDERS** that the CRO shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of its appointment except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CRO.

#### **HOLDBACK AMOUNT**

18. **THIS COURT ORDERS** that the Receiver is authorized and directed to pay \$191,636.05 (the "Holdback Amount") from the Property to the Debtor's counsel, which Holdback Amount shall be held in trust by the Debtor's counsel for the satisfaction of the obligations of the CRO from and after the date of its appointment and obligations of J.S.N. Jewellery Inc. in connection with its Assct Purchase Agreement with Ben Moss Jewellers Western Canada Ltd. dated July 28, 2016 (collectively, the "Holdback Obligations").

19. **THIS COURT ORDERS** that the CRO shall direct the use of the Holdback Amount for the satisfaction of the Holdback Obligations.

20. **THIS COURT ORDERS** that the Holdback Amount, less any amount used to satisfy the Holdback Obligations, shall be returned to the Receiver at such time as the CRO and the Receiver so agree or with leave of this Court.

#### **RECEIVER TO HOLD FUNDS**

21. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this

Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

#### **EMPLOYEES**

22. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. For certainty, and without limitation, nothing in this Order shall require the Receiver to take any action in respect of any employees of the Debtor located outside of Canada or whose employment is or may otherwise be governed by the laws of a jurisdiction outside of Canada.

#### **PIPEDA**

23. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all

other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### LIMITATION ON ENVIRONMENTAL LIABILITIES

24. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### LIMITATION ON THE RECEIVER'S LIABILITY

25. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

#### RECEIVER'S ACCOUNTS

26. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to

the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

27. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

28. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

29. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

30. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

31. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

32. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### **SALE PROCESS**

33. **THIS COURT ORDERS** that the Realization Process, as defined and described in the Report, is hereby approved, and the Receiver is hereby authorized and directed to take such steps as it deems necessary or advisable to carry out the Realization Process substantially in accordance with the description thereof in the Report. The Receiver shall not be or be deemed to be in possession or control of any Property or any part of the business of the Debtor solely as a result of its marketing of any such Property or business pursuant to this paragraph 33. For clarity, nothing in this paragraph shall affect the Receiver's powers as set out in subparagraph 3(k) of this Order.

#### **SERVICE AND NOTICE**

34. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court

further orders that a Case Website shall be established in accordance with the Protocol with the following URL '[www.richter.ca/en/folder/insolvency-cases/j/jsn-jewellery-inc](http://www.richter.ca/en/folder/insolvency-cases/j/jsn-jewellery-inc)'.

35. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

#### **GENERAL**

36. **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.

37. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

38. **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.

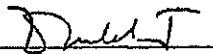
39. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is 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.

40. **THIS COURT ORDERS** that Salus shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of Salus' security or, if not so provided by Salus' security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

41. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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

AUG 16 2016

PER / PAR: 

**SCHEDULE "A"**  
**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that Richter Advisory Group Inc., solely in its capacity as the receiver (the "Receiver") of the assets, undertakings and properties 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. (collectively, the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 16<sup>th</sup> day of August, 2016 (the "Order") made in an application having Court file number CV-16-011478-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ \_\_\_\_\_, being part of the total principal sum of \$ \_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the \_\_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Bank of \_\_\_\_\_ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_ day of \_\_\_\_\_, 2016.

**RICHTER ADVISORY GROUP INC.**, solely  
in its capacity as Receiver of the Property, 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

**RECEIVERSHIP ORDER**

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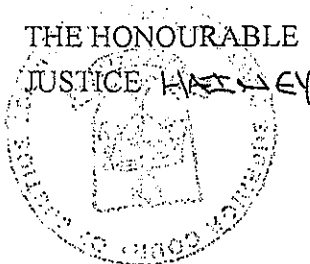
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# **APPENDIX "B"**

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST



THE HONOURABLE  
JUSTICE H.A. HARTLEY

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)  
)

THURSDAY, THE 1ST  
DAY OF DECEMBER, 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

**ORDER  
(SUMMARY JUDGMENT, INTERIM DISTRIBUTION AND FEE APPROVAL)**

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 Corp., 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, for an order, *inter alia*, granting summary judgment of the Terms of Settlement (as defined herein), authorizing and directing the Receiver to make an interim distribution in the amount of USD \$400,000 and CAD \$4,300,000 to Salus Capital Partners, LLC ("Salus") in respect of the secured indebtedness (the "Indebtedness") owed by the Debtor to Salus; approving the third report of the Receiver dated November 25, 2016 (the "Report") and the activities of the Receiver set out therein; and approving the fees and disbursements of the Receiver and its counsel, Fasken Martineau DuMoulin LLP ("Fasken") up to and including October 31, 2016 as set out in the affidavit of Clark Lonergan sworn November 25, 2016 (the "Lonergan Affidavit"), and Stuart Brotman affirmed November 25, 2016 (the "Brotman Affidavit") 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 Applicant, 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 Kimberlee Pearce sworn November 26, 2016 and Chantel Thompson sworn November 28, 2016, filed:

#### **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and the service thereof validated so that the Motion is properly returnable today. Capitalized terms used but not otherwise defined in this Order shall have the meanings ascribed thereto in the Report.

#### **SUMMARY JUDGMENT**

2. THIS COURT ORDERS that the Sharon Stone Claim (as defined in the Terms of Settlement dated October 31, 2016) (the "Terms of Settlement") is dismissed as a result of the settlement between the parties, and this Court has made no findings in relation to the ownership of the Molds or the other matters raised in the Receiver's Second Report to the Court, without costs.

3. THIS COURT ORDERS that the Terms of Settlement, being confidential appendix 1 to the Report, shall be sealed pending further Order of this Court.

#### **INTERIM DISTRIBUTION**

4. THIS COURT ORDERS that notwithstanding section 4.2(d) of the Sale Agreement, the Receiver is authorized and directed to apply up to \$50,000 of the funds held in escrow pursuant to section 4.2(b)(iii) of the Sale Agreement to pay any and all applicable transfer taxes relating to the Unique Transaction not paid by Unique, without further Order of this Court.

5. THIS COURT ORDERS that the Receiver is hereby authorized and directed to distribute to Salus (a) the amount of USD \$400,000 and CAD \$4,300,000 on account of the Indebtedness owed by the Debtor, and (b) such further amounts from time to time as the Receiver may determine are available for distribution to Salus, without further Order of this Court, provided the aggregate distribution to Salus shall not exceed the amount of the Indebtedness owed by the Debtor.

**APPROVAL OF REPORT AND FEES**

6. THIS COURT ORDERS that the Report and the activities of the Receiver referred to therein are hereby approved.

7. THIS COURT ORDERS that the Receiver's statement of receipts and disbursements referred to in the Report is hereby approved.

8. THIS COURT ORDERS that the fees and disbursements of the Receiver for the period August 16, 2016 to November 18, 2016 as described in the Lonergan Affidavit are hereby approved.

9. THIS COURT ORDERS that the fees and disbursements of Fasken for the period July 8, 2016 to October 31, 2016 as described in the Brotman Affidavit are hereby approved.

**GENERAL**

10. 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:

DEC 0-1 2016

PER / PAR:





**SALUS CAPITAL PARTNERS, LLC**

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

- and -

Applicant

Respondents

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceedings commenced in Toronto

**ORDER  
(Re: SUMMARY JUDGMENT, INTERIM  
DISTRIBUTION AND FEE APPROVAL)**

**FASKEN MARTINEAU DUMOULIN LLP**  
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Lawyers for Richter Advisory Group Inc., in its capacity as the  
Court-appointed Receiver

# **APPENDIX "C"**

**RICHTER**

Richter Advisory Group Inc.  
181 Bay Street, 33rd Floor  
Toronto, ON M5J 2T3  
[www.richter.ca](http://www.richter.ca)

**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.**

**THIRD REPORT OF RICHTER ADVISORY GROUP INC.,  
IN ITS CAPACITY AS RECEIVER 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.**

November 25, 2016

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

BETWEEN:

**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 section 243 of the *Bankruptcy and Insolvency Act*,  
R.S.C. 1985, c. B-3, as amended, and under section 101 of the  
*Courts of Justice Act*, R.S.O. 1990, c. C.43**

**THIRD REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS COURT APPOINTED RECEIVER 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.**

November 25, 2016

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### APPENDICES

- APPENDIX "A" – ORDER OF THE ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST)  
DATED AUGUST 16, 2016
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- APPENDIX "C" – AFFIDAVIT OF CLARK LONERGAN, DATED NOVEMBER 25, 2016
- APPENDIX "D" – AFFIDAVIT OF STUART BROTMAN, DATED NOVEMBER 25, 2016

### CONFIDENTIAL APPENDICES

- APPENDIX "1" - TERMS OF SETTLEMENT

## I. INTRODUCTION

1. Richter Advisory Group Inc. ("Richter"), was appointed as receiver (the "Receiver"), without security, of all of the assets, properties and undertakings (the "Property") of J.S.N. Jewellery Inc. ("JSN Jewellery"), 2373138 Ontario Inc. ("2373138"), Always & Forever Family Collection Inc. ("A&F" or "Always and Forever"), and P.M.R. Inc. ("PMR"), (collectively, the "Canadian Debtors"), GMJ Corp. ("GMJ", "JSN US" or "U.S. Debtor" ), and J.S.N. Jewellery UK Limited ("JSN UK" or the "UK Debtor", and together with the Canadian Debtors and the U.S. Debtor, "JSN", the "Company" or the "Debtor Companies") pursuant to an order (the "Receivership Order") of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated August 16, 2016 (the "Date of Appointment"). A copy of the Receivership Order is attached hereto as Appendix "A".
2. Pursuant to an Approval and Vesting Order issued by the Honourable Justice Newbould, also dated August 16, 2016 (the "AVO"), the Receiver was authorized and directed to execute the Sale Agreement<sup>1</sup> and, on closing of the transaction, the Purchased Assets<sup>2</sup> vested in the purchaser, Unique Designs, Inc. ("Unique" or the "Purchaser"), free and clear of all claims but subject to the determination of the Sharon Stone Claim<sup>3</sup> (the "Unique Transaction"). The report of Richter, in its capacity as proposed receiver of JSN dated August 8, 2016 (the "Proposed Receiver's Report"), addresses the Unique Transaction.
3. Pursuant to a Notice of Motion dated August 22, 2016, Utopia Jewellery Ltd. ("Utopia") and Sharon Stone Inc. ("Sharon Stone")<sup>4</sup> commenced a motion in the receivership proceedings seeking, inter alia, a declaration that the assets defined as "Molds" in the affidavits of Shmuel (Samuel) Cohen ("Cohen") and Carla Eisnor ("Eisnor"), each dated August 15, 2016, are the property of Sharon Stone and do not form any part of the assets purchased by Unique pursuant to the Unique Transaction. The first report of Richter, in its capacity as Receiver dated September 22, 2016 (the "First Report"), addresses the Sharon Stone Claim.
4. Pursuant to two (2) Approval and Vesting Orders issued by the Honourable Justice Newbould, both dated October 6, 2016 (together, the "Sundry AVO"), the Receiver was authorized and directed to execute the Sundry Assets Sale Agreements<sup>5</sup> and, on closing of the transactions, the Sundry Jewellery Assets<sup>6</sup> vested

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<sup>1</sup> As defined in the AVO.

<sup>2</sup> As defined in the Sale Agreement.

<sup>3</sup> As defined in the AVO.

<sup>4</sup> The Notice of Motion describes the Sharon Stone corporate entity as "Sharon Stone Inc." The affidavit of Shmuel Cohen describes the entity as "Sharon Stone Co. Ltd." As hereinafter set out, the Receiver believes that the description in the affidavit is accurate.

<sup>5</sup> As defined in the Second Report of the Receiver.

<sup>6</sup> As defined in the Proposed Receiver's Report.

in the purchasers, Sparkle Gems Inc. ("SGI") and Simplex,<sup>7</sup> respectively (together, the "Sundry Purchasers"), free and clear of all claims. A copy of the second report of Richter, in its capacity as Receiver dated September 29, 2016 (the "Second Report"), which addresses the Sundry Assets Transactions<sup>8</sup>, is attached hereto without the exhibits of the Second Report as Appendix "B".

5. Pursuant to an order dated October 6, 2016 authorizing and directing the Receiver to, among other things, make an interim distribution to the Lender (as hereinafter defined), execute the Auction Agreement<sup>9</sup>, and implement the Monetization Plan<sup>10</sup> (the "Distribution and Auction Order"), the Receiver was authorized to liquidate the FF&E (as hereinafter defined) and to monetize and dispose of the Company's scrap jewellery and other Remaining Assets<sup>11</sup>. The Second Report also addresses the Auction Agreement and the Monetization Plan.
6. The prior reports of the Receiver and other materials relevant to these proceedings are posted on the Receiver's website at <http://www.richter.ca/en/folder/insolvency-cases/f/j/sn-jewellery-inc>.

## II. PURPOSE OF REPORT

7. The purpose of this third report of the Receiver (the "Third Report") is to:
  - a) Provide this Court with certain information pertaining to:
    - (i) The settlement of the Sharon Stone Claim;
    - (ii) The activities of the Receiver since the date of the Second Report;
    - (iii) The completion of the Sundry Assets Transactions, pursuant to the terms of the Sundry Assets Sale Agreements and the Sundry AVO;
    - (iv) The results of the Realization Process<sup>12</sup> as it relates to liquidation of the Company's furniture, fixtures and equipment ("FF&E"), which included owned specialized jewellery equipment, and the results of the Monetization Plan; and
    - (v) The Receiver's statement of receipts and disbursements for the period from the Date of Appointment to November 21, 2016.

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<sup>7</sup> As defined in the Second Report of the Receiver.

<sup>8</sup> As defined in the Second Report of the Receiver.

<sup>9</sup> As defined in the Distribution and Auction Order (as hereinafter defined).

<sup>10</sup> As defined in the Second Report of the Receiver.

<sup>11</sup> As defined in the Distribution and Auction Order.

<sup>12</sup> As defined in the Receivership Order

- b) Recommend that this Court make an order(s):
- (i) Granting summary judgment on the Terms of Settlement, as defined and set out in the Notice of Motion herein;
  - (ii) Sealing the Terms of Settlement, pending further order of the Court;
  - (iii) Approving the Receiver's statement of receipts and disbursements for the period from the Date of Appointment to November 21, 2016;
  - (iv) Notwithstanding section 4.2(d) of the Sale Agreement, authorizing and directing the Receiver to apply all or a portion of such escrow funds to pay any and all applicable transfer taxes relating to the Unique Transaction not paid by Unique, without further order of the Court;
  - (v) Authorizing and directing the Receiver to make an interim distribution in the amount of \$400,000 USD and \$4,300,000 to Salus Capital Partners, LLC as lender and agent for other lenders ("Salus" or the "Lender") in respect of its secured claim against the Property;
  - (vi) Authorizing and directing the Receiver to make subsequent distributions to Salus as the Receiver determines are available for distribution to Salus up to the amount of Salus' secured claim, without further order of the Court;
  - (vii) Approving the accounts of the Receiver and its legal counsel, Fasken Martineau DuMoulin LLP ("Fasken"), on an interim basis as set out in this Third Report, pursuant to the terms of the Receivership Order; and
  - (viii) Approving this Third Report, and the actions, activities and conduct of the Receiver set out herein.

### III. QUALIFICATIONS

8. In preparing this Third Report, Richter has relied upon unaudited financial information, the Company's books and records, financial information prepared by the Company and discussions with management (including the CRO<sup>13</sup>) (collectively, the "Information"). Richter has reviewed the information for reasonableness, internal consistency, and use in the context in which it was provided, and in consideration of the nature of the evidence provided to this Court, in relation to the relief sought therein. Richter has not, however, audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("GAAS") pursuant to the

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<sup>13</sup> As defined in the Receivership Order.



Canadian Institute of Chartered Accountants Handbook and, as such, Richter expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information. An examination of the Company's financial forecasts in accordance with the Canadian Institute of Chartered Accountants Handbook has not been performed. Future-oriented financial information reported on or relied upon in this Third Report is based on management's assumptions regarding future events; actual results achieved may vary from forecast and such variations may be material.

9. Unless otherwise noted, all monetary amounts contained in this Third Report are expressed in Canadian dollars ("CAD").

#### **IV. CLAIMS OF SHARON STONE CO. LTD.**

10. On August 11, 2016, Salus brought an application seeking, inter alia, the appointment of Richter as Receiver of the Company and approving the sale of certain Company assets to Unique pursuant to the Unique Transaction.
11. At the return of the application on August 11, 2016, Jeffrey Simpson of Torkin Manes LLP appeared on behalf of Utopia and Sharon Stone and advised the Court that his firm had recently been retained and that his clients were disputing the Company's ownership of certain assets subject to the Unique offer. The Court adjourned the application to Tuesday, August 16, 2016, and ordered Utopia/Sharon Stone to deliver an affidavit particularizing their claim by noon on Monday, August 15, 2016.
12. Utopia and Sharon Stone delivered such affidavit on August 15, 2016 prior to the deadline ordered by the Court.
13. Unique, Salus and the Receiver negotiated an amended offer made as of August 15, 2016 whereby the assets claimed by Utopia/Sharon Stone were "carved out" from the Purchased Assets pending resolution of the present motion with a price adjustment in the event that the Sharon Stone Claim is successful (the "Designs Escrow Fund").
14. On August 16, 2016, Justice Newbould granted the requested Receivership Order and granted the AVO, which ordered at paragraph 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."

15. At the time of the granting of the AVO, Justice Newbould made an endorsement requiring Sharon Stone to file its motion within five (5) days. Utopia and Sharon Stone duly filed their Notice of Motion herein on August 22, 2016, in accordance with the endorsement of Justice Newbould (the "**Sharon Stone Motion**").
16. On September 22, 2016, the Receiver delivered a Responding Motion Record containing the First Report.
17. On September 28, 2016 the Receiver delivered a Supplemental Motion Record containing a supplement to the First Report (the "**Supplemental Report**") dated September 28, 2016.
18. After the delivery of the Receiver's reply material, settlement discussions took place amongst the parties. A settlement agreement has now been reached amongst the parties with respect to the issues raised in the Sharon Stone Motion. The terms of the settlement are contained in the "Terms of Settlement" dated October 31, 2016.
19. As part of the Terms of Settlement, the Sharon Stone Claim is to be dismissed on consent, without costs. The parties have agreed to jointly request that the following language be included in the order dismissing the Sharon Stone Claim:

"This Court orders that the Sharon Stone Claim is dismissed as a result of the settlement between the parties, and this Court has made no findings in relation to the ownership of the Molds or the other matters raised in the Receiver's Second Report to the Court."

20. The Terms of Settlement further provide, at paragraph 10, that Sharon Stone, and Utopia shall refund a payment made by Unique in the amount of GBP 56,325.19 (the "**Refund**") to Unique forthwith upon execution of the Terms of Settlement. To the date hereof, Sharon Stone and Utopia have not made such payment.
21. On November 23, 2016 the parties appeared at a 9:30 hearing before Justice Newbould with the intention of obtaining a consent order dismissing the Sharon Stone Claim in accordance with the Terms of Settlement. At that hearing, counsel for Unique took the position that there is no settlement until the Refund is paid. Accordingly, the Court redirected that a motion for judgment on the settlement be heard on December 1, 2016.
22. It is the position of the Receiver that the Terms of Settlement, executed by all of the parties, are unconditional and are in full force and effect. The Receiver understands that the failure of Sharon Stone and Utopia to pay the Refund does not have the effect of rendering the remaining terms of the Terms of Settlement inoperative, and accordingly is of the view that the order should be made dismissing the Sharon Stone Claim.

23. A copy of the executed Terms of Settlement is contained in **Confidential Appendix "1"**. Unique has requested that the Terms of Settlement be kept confidential, pending further order of the Court, because the Terms of Settlement contain information with respect to the ownership of the intellectual property which is the subject matter of the Sharon Stone Claim which may be used by competitors in the marketplace.

## **V. UNIQUE TRANSACTION**

24. As described in greater detail in the First Report and the Second Report, the Receiver entered into the Sale Agreement with Unique. The Unique Transaction closed upon the delivery of a Receiver's Certificate on August 18, 2016. Under the Sale Agreement, Unique is required to pay all Transfer Taxes<sup>14</sup> in connection with the transfer of the Purchased Assets at the time such payments are made. As at the date of this Report, Unique has failed to pay certain Transfer Taxes. As such, the Receiver is requesting a court order authorizing the Receiver to apply funds held in escrow by the Receiver under the Sale Agreement to the payment of all applicable Transfer Taxes, notwithstanding the terms of the Sale Agreement.

## **VI. SUNDRY ASSETS TRANSACTIONS**

25. As noted above, the Receiver undertook the Realization Process, as authorized and directed by the Court pursuant to the Receivership Order. On October 6, 2016, the Court approved the Sundry Assets Transactions, authorized and directed the Receiver to execute the Sundry Assets Sale Agreements and issued the Sundry AVO, which conveyed the Sundry Jewellery Assets to the respective purchasers on closing of the transactions, free and clear of all claims.

26. On October 6, 2016, the Sundry Assets Transaction with Simplex closed (the "Simplex Sale") as evidenced by the delivery of the Receiver's Certificate<sup>15</sup> on October 6, 2016, which was filed with the Court. Total cash proceeds in the amount of \$1,277,912 USD, including a deposit in the amount of \$300,101 USD paid to the Receiver on September 6, 2016, were paid to the Receiver pursuant to the Simplex Sale.

27. On October 7, 2016, the Sundry Assets Transaction with SGI closed (the "SGI Sale") as evidenced by the delivery of the Receiver's Certificate<sup>16</sup> on October 7, 2016 (the "SGI Closing Date"), which was filed with the Court. Total cash proceeds in the amount of \$2,034,000 USD, including a deposit in the amount of \$260,100 USD paid to the Receiver on September 6, 2016, were paid to the Receiver pursuant to the SGI Sale.

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<sup>14</sup> As defined in the Sale Agreement

<sup>15</sup> As defined in the Sundry AVO in respect of Simplex

<sup>16</sup> As defined in the Sundry AVO in respect of SGI

28. The assets subject to the SGI Sale included certain rough diamonds (the "**Rough Diamonds**"), which could not be exported from Canada by SGI without Kimberley Process Certificates (the "**KP Certificates**") as required by the *Export and Import of Rough Diamonds Act*. As the SGI Sale was consummated on an "as is where is" basis, SGI was responsible for obtaining any requisite certificates, which were outstanding as of the SGI Closing Date. The Receiver and SGI proceeded to close the transaction on the SGI Closing Date and each reserved their respective rights in respect of the Rough Diamonds. After closing, the Receiver and its counsel assisted SGI in obtaining the requisite information for the required KP Certificates and SGI collected the Rough Diamonds from the Company's premises (the "**Premises**") on October 21, 2016.

## **VII. ACTIVITIES OF THE RECEIVER**

29. The activities of the Receiver from the Date of Appointment to September 29, 2016 are detailed in the Second Report. Subsequent to the filing of the Second Report, the Receiver's activities have included:

- a) Attending before this Court in respect of the Receiver's motions for the Sundry AVO and the Distribution and Auction Order;
- b) Corresponding with Unique regarding certain post-closing deliverables in respect of the Unique Transaction;
- c) Reviewing and executing documents and related correspondence in respect of the Sharon Stone Claim settlement;
- d) Communicating with the Receiver's counsel, Fasken, regarding the completion of the Sundry Assets Transactions, the FF&E Sale (as hereinafter defined), the Sharon Stone Claim, leased assets in the possession of the Receiver, and other matters in connection with JSN and the receivership proceedings generally;
- e) Facilitating completion of the Sundry Assets Transactions, as noted above, including post-closing activities;
- f) Corresponding with Natural Resources Canada in respect of information pertaining to the Rough Diamonds and obtaining an understanding of the sale and exportation regulations;
- g) Executing the Auction Agreement with the liquidator, Infinity Asset Solutions Inc. ("**Infinity**"), as authorized and directed pursuant to the Distribution and Auction Order, corresponding with Infinity, and facilitating the completion of the FF&E Sale, as further described in a later section to this Third Report;

- h) Corresponding and communicating with Salus and its counsel in connection with various aspects of the receivership proceedings;
- i) Facilitating the completion of delinquent income tax returns of the Canadian and U.S. entities to satisfy administrative requirements and allow for the release of certain HST refunds outstanding as of the Date of Appointment to the estate;
- j) Terminating the Receiver's occupation of the Premises, exiting the Premises, and cancelling related utilities and other services;
- k) Cancelling liability, property, and jeweller's block insurance coverage upon exit of the Premises;
- l) Communicating with the Receiver's IT consultant in connection with back-up and cleansing of computer hard drives, server back-up, and establishing a remote server in order to facilitate exit from the Premises;
- m) Responding to calls and enquiries from creditors and other stakeholders regarding JSN and the receivership proceedings;
- n) Recording receipts and disbursements, including the preparation of the Receiver's statement of receipts and disbursements from the Date of Appointment to October 31, 2016;
- o) Preparing this Third Report;
- p) Arranging for payments related to the administration of the receivership proceedings, including services, independent contractors, the use by the Receiver of certain personal property leased by the Company, and amounts for the occupation by the Receiver of the Premises;
- q) Collecting the Company's accounts receivable;
- r) Terminating certain independent contractors and consultants of the Receiver upon completion of duties;
- s) Monetizing the Company's scrap jewellery and precious metal through a third party metal recycler, pursuant to the Distribution and Auction Order;

## JSN UK

- t) Communicating with the CRO regarding JSN UK operations, including plans for the wind-up of operations, employee matters, completion of the annual external audit, statutory UK filings including tax returns, and realization of the remaining assets of JSN UK ("UK Wind-down"); and
- u) Facilitating receipt of an interim distribution of funds from proceeds on JSN UK asset realizations into the Receiver's bank account, primarily from the collection of accounts receivable and a loan receivable. The CRO remains in control of the JSN UK bank accounts and will continue to transfer funds to the Receiver when it has determined that there are surplus funds in the account. It should be noted that the Receiver has not taken possession of JSN UK's assets.

## VIII. LIQUIDATION OF FF&E AND MONETIZATION OF REMAINING ASSETS

- 30. As previously mentioned in this Third Report, the Receiver entered into an Auction Agreement with Infinity for the liquidation of the FF&E. The terms of the Auction Agreement contemplated a sale by public or online auction, or private sale, and a net minimum guarantee in the amount of \$45,000 payable to the Receiver.
- 31. Infinity subsequently negotiated a private sale (the "FF&E Sale") with Richview Trade Centre & Jewellers Inc. ("Richview"). Total gross proceeds in the amount of approximately \$83,000 (excluding HST) were paid to Infinity, approximately \$74,000 of which was paid to the Receiver. It is the Receiver's understanding that Richview has made arrangements directly with the landlord of the Premises for the storage and removal of the FF&E subject to the FF&E Sale.
- 32. The FF&E Sale included certain computers owned by JSN. A verbal agreement was made on October 17, 2016 among Richview, Infinity, and the Receiver that the computers included in the FF&E Sale would not be removed from the Premises until the Receiver had an opportunity to remove information from the computer hard drives, with said removal to be completed no later than October 28, 2016. Richview violated this verbal agreement on October 18, 2016 when, in the process of removing the FF&E, its representatives removed two (2) computers subject to the FF&E Sale (the "Purchased Computers") from the Premises before the Receiver had an opportunity to cleanse the hard drives, by placing them in safes which were in the process of being removed at the time.
- 33. Following Infinity's request on October 18, 2016, the Purchased Computers were returned on the following day. A subsequent review by the Receiver's IT consultant revealed that login attempts had been made on at least one of the Purchased Computers while in Richview's possession. It was not apparent from the review of the Purchased Computers whether any information had been accessed, copied, or removed.

34. Soon after the return of the Purchased Computers, the Receiver discovered that three (3) additional computers (the "Missing Items") had been removed from the Premises over the same time period as the Purchased Computers, one of which was leased by JSN and not subject to the FF&E Sale. It appeared that representatives of Richview had also removed the Missing Items, however, on inquiry by Infinity, representatives of Richview denied responsibility for said removal. Receiver's counsel, Fasken, issued a letter to counsel for Richview on October 26, 2016, requiring the return of the Missing Items, or sworn affidavit denying any involvement in their removal. The letter was also hand delivered to Mr. Moshe Braunstein ("Mr. Braunstein"), the Richview representative responsible for the FF&E Sale.
35. A sworn statutory declaration was received by Fasken on October 27, 2016 from Mr. Braunstein's counsel, in which Mr. Braunstein declared, inter alia, that neither he nor anyone under his direction was able to access any information that may have been stored on the Purchased Computers and that no information was taken, removed, or viewed. It was further attested and declared by Mr. Braunstein that neither he nor anyone under his direction had any knowledge of, or had taken, the Missing items.
36. To the best of the Receiver's knowledge, the value of the Missing Items is estimated to be nominal. The Receiver has taken no further action at this time to recover the Missing Items or to ascertain what, if any, information may have been accessed on the Purchased Computers or the Missing Items.
37. Also, as previously mentioned in this Third Report, the Receiver monetized the Company's scrap jewellery and precious metal inventory through third party metal recyclers for net proceeds of approximately \$220,000 in aggregate. Since the date of the Second Report, no jewellery inventory was returned from customers. The Receiver canvassed interest in certain of the Remaining Assets (namely trade show booth(s) and branded packaging/displays) from parties determined mostly likely to be interested in same, and received limited expressions of interest in response. The balance of the Remaining Assets to be monetized or disposed of by the Receiver as at the date of this Third Report is nominal.

## **IX. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS**

38. The Receiver's statement of receipts and disbursements for the period from the Date of Appointment to November 21, 2016 (the "R&D") is reported on a consolidated basis, and is summarized as follows:

<b>JSN</b>		
<b>Statement of Receipts and Disbursements</b>		
<b>For the period August 16, 2016 to November 21, 2016</b>		
		<b>Notes</b>
<b>Receipts</b>		
Sundry Assets Transaction	\$ 4,450,330.37	
Unique Transaction	4,061,850.80	a
Net Proceeds received from JSN UK	3,293,533.89	b
Accounts receivable collections	1,041,760.65	
Cash in bank	410,850.45	
Asset realizations - scrap precious metal	221,230.33	
Pre-receivership GST/HST refund	155,197.82	
Asset realizations - Fixed Assets	74,213.00	
GST/HST refund in receivership	36,999.18	
Interest earned (net of bank charges) & other receipts	1,669.80	
<b>Total Receipts</b>	<b>\$ 13,747,636.29</b>	
<b>Disbursements</b>		
Distribution to Lender	7,100,000.00	c
Professional fees - Receiver & Fasken	669,450.90	
Consultant fees	214,967.79	d
Holdback Amount (as defined in the Receivership Order)	191,636.05	
Other legal costs	153,193.28	e
GST/HST paid on disbursements	113,785.85	
Independent contractor services	74,493.09	
Operating expenses	61,063.36	
Pre-receivership company payroll	28,954.65	
Occupation rent	21,240.16	
Receivership filing fees	70.00	
<b>Total Disbursements</b>	<b>\$ 8,628,855.13</b>	
<b>Excess Receipts over Disbursements / Cash on Hand <sup>(1)</sup></b>	<b>\$ 5,118,781.16</b>	
<sup>1</sup> Amounts denominated in USD have been converted to CAD at the Bank of Canada November 21, 2016 daily noon rate (1.3437), with the exception of the distribution to the Lender, which was paid in USD using the conversion rate on the date of distribution.		

Notes:

- a) Receipts from the Unique Transaction (approximately \$3,023,000 USD) exclude the Escrow Amounts, as previously mentioned in this Third Report;
- b) Approximately \$2,450,000 USD in net proceeds from JSN UK was paid to the Receiver by the CRO, reflecting funds on hand less amounts withheld in order to complete the UK Wind-down, as mentioned in the Second Report;



- c) As per the terms of the Distribution and Auction Order, the Receiver made a \$7,100,000 interim distribution to Salus;
- d) Consultant fees comprise fees paid to Consensus<sup>17</sup> and the Jewellery Consultant<sup>18</sup> engaged by the Receiver in connection with the Sundry Assets Transactions; and
- e) Other legal costs include the services of foreign legal counsel engaged by the Receiver to provide independent legal opinions on Saius' security under foreign jurisdictions, and legal advice with respect to the foreign entities, GMJ and JSN UK, for the Unique Transaction and the receivership proceedings generally, and with respect to investigation of the Sharon Stone Claim.

39. As detailed in the table above, the Receiver had total receipts of approximately \$13,700,000 between the Date of Appointment and November 21, 2016, the majority of which relate to proceeds from the Unique Transaction, the Sundry Assets Transactions, and JSN UK realizations. Total disbursements over the same period were approximately \$8,600,000 and as at November 21, 2016, cash on hand was approximately \$5,100,000.

#### X. PROPOSED INTERIM DISTRIBUTION OF PROCEEDS FROM REALIZATION

40. As detailed in the Second Report, the security granted by the Debtor Companies in favour of Salus under Ontario Law<sup>19</sup>, UK Law<sup>20</sup>, and US Law<sup>21</sup>, is valid and enforceable according to the independent, written legal opinions obtained by the Receiver in respect of same.

41. The table below sets out the Receiver's proposed interim distribution of the net proceeds from realization to Salus (the "Proposed Interim Distribution"):

<b>JSN Funds Available for Interim Distribution As at November 21, 2016</b>	
Cash on Hand	\$ 5,118,781.16
Proposed Interim Distribution	(4,300,000.00)
<b>Net Reserve</b>	<b>\$ 818,781.16</b>

42. The Receiver proposes to make an interim distribution of the net proceeds of realization to Salus in the amount of \$4,300,000.

<sup>17</sup> As defined in the Second Report

<sup>18</sup> As defined in the Second Report

<sup>19</sup> As defined in the Second Report.

<sup>20</sup> As defined in the Second Report.

<sup>21</sup> As defined in the Second Report.

43. Funds held back by the Receiver are reserved and are anticipated to be sufficient to fund the estimated remaining operational/administrative costs and professional fees to complete the receivership, and tax remittances relating to the transactions undertaken to date.
44. The Receiver does not propose to hold back any further amounts at this time, but notes that additional funds are expected to be received in the remaining administration, including collections on realizable accounts receivable that should be sufficient to address any other potential priority claims not known to the Receiver.
45. The Receiver respectfully requests that the Court authorize the Proposed interim Distribution and such subsequent distributions to Salus as the Receiver determines appropriate, up to the amount of Salus' secured claim, and subject to retaining sufficient reserves to address costs to complete the administration of the receivership proceedings and any other potential priority claims.

## **XI. PRIORITY CLAIMS**

46. Also, as detailed in the Second Report, at the Date of Appointment, the Canadian Debtors were in an HST refund position that totaled approximately \$152,800, and Canada Revenue Agency ("CRA") had completed an HST review and highlighted no material items to the Receiver. Since the filing of delinquent income tax returns with CRA, substantially all of the \$152,800 claimed has been paid to the Receiver. Additionally, the Receiver understands the Canadian Debtors made normal course remittances to CRA in connection with source deductions withheld from employees. As such, the Receiver is not aware of any amounts that would be subject to a deemed trust in favour of CRA and the Receiver has not been contacted by CRA in connection with same.
47. The Receiver is not aware of any amounts owing to the former employees of the Canadian Debtors (the "Former Employees") that would have priority over Salus pursuant to section 81.4 of the BIA, as the Receiver paid all outstanding wages and vacation pay owing at the Date of Appointment, as detailed in the Second Report.
48. Similarly, the Receiver understands that the Company did not provide a registered pension plan for its employees. Accordingly, the Receiver is not aware of any amounts owing to the Former Employees pursuant to section 81.6 of the BIA.

## **XII. REQUEST FOR APPROVAL OF FEES**

49. The Receiver and its counsel, Fasken, have maintained detailed records of their professional time and disbursements since the Date of Appointment.


50. The Receiver's professional fees incurred for services rendered from the Date of Appointment to November 18, 2016 amount to \$486,864.00, plus disbursements in the amount of \$6,347.22 (all excluding HST). The Receiver's professional fees and disbursements have not yet been approved by the Court. The time spent by the Receiver's professionals is described in the affidavit of Clark Lonergan attached hereto as Appendix "C".
51. The fees of the Receiver's counsel, Fasken, for services rendered from the Date of Appointment to October 31, 2016 amount to \$242,605.50, plus disbursements in the amount of \$4,112.17 (all excluding HST). The fees and disbursements of the Receiver's counsel have not yet been approved by the Court. The time spent by the Fasken professionals is described in the affidavit of Stuart Brotman attached hereto as Appendix "D".
52. The Receiver has reviewed Fasken's accounts and has determined that the services have been duly authorized and duly rendered and that the charges are reasonable given the circumstances.

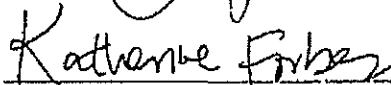
### **XIII. RECOMMENDATIONS**

53. Based on the foregoing, the Receiver respectfully recommends that this Court issue an order(s):
- a) Granting summary judgment on the Terms of Settlement;
  - b) Sealing the Terms of Settlement, pending further order of the Court;
  - c) Approving the Receiver's R&D;
  - d) Notwithstanding section 4.2(d) of the Sale Agreement, authorizing and directing the Receiver to apply all or a portion of such escrow funds to pay any and all applicable transfer taxes relating to the Unique Transaction not paid by Unique, without further order of the Court;
  - e) Authorizing and directing the Receiver to make an interim distribution in the amount of \$400,000 USD and \$4,300,000 to Salus in respect of its secured claim against the Property;
  - f) Authorizing and directing the Receiver to make subsequent distributions to Saius as the Receiver determines are available for distribution to Salus, up to the amount of Salus' secured claim, without further order of the Court;
  - g) Approving the accounts of the Receiver and its counsel, on an interim basis, as set out in this Third Report; and
  - h) Approving this Third Report and the actions, activities and conduct of the Receiver set out herein.

All of which is respectfully submitted on the <sup>25<sup>th</sup></sup>~~25~~ day of November, 2016.

Richter Advisory Group Inc.  
in its capacity as Receiver 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. and not in its personal capacity

  
\_\_\_\_\_  
Clark Lonergan, CPA, CA, CIRP  
Senior Vice-President

  
\_\_\_\_\_  
Katherine Forbes, CPA, CA  
Vice-President

# **APPENDIX "D"**

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

**APPLICATION UNDER SUBSECTIONS 47(1) AND 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.  
C43, AS AMENDED**

**AND IN THE MATTER OF THE RECEIVERSHIP 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.**

**AFFIDAVIT OF CLARK LONERGAN**

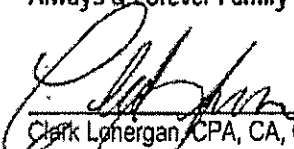
I, **CLARK LONERGAN**, of the Town of Richmond Hill, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Senior Vice President of Richter Advisory Group Inc. ("Richter") and, as such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, and whereso stated, I verily believe it to be true.
2. By order (the "Appointment Order") of the Honourable Mr. Justice Newbould of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated August 16, 2016 (the "Date of Appointment"), Richter Advisory Group Inc. ("Richter") was appointed receiver (the "Receiver") of all of the property, assets and undertakings (the "Property") 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. ("JSN" or the "Company"), pursuant to section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. c. B-3, as amended, and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended.
3. Pursuant to the Appointment Order, the Receiver has provided services and incurred disbursements, in the amount of \$84,617.25 and \$968.86 (all excluding HST), respectively, in the period from November 14, 2016 to March 31, 2017 (the "Period") with respect to services provided. Attached hereto and marked as Exhibit "A" to this my Affidavit is a summary of all invoices rendered by the Receiver on a periodic basis during the Period (the "Accounts").
4. True copies of the Accounts, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Receiver, are attached as Exhibit "B" to this my Affidavit.

5. In the course of performing its duties pursuant to the Appointment Order, the Receiver's staff has expended a total of 247.9 hours during the Period. Attached as Exhibit "C" to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the receivership and the hours and applicable rates claimed by the Receiver for the Period. The average hourly rate billed by the Receiver during the Period is \$341.36.
6. The Receiver requests that this Court approve its Accounts for the Period, in the total amount of \$85,586.11 (excluding HST) for services rendered and recorded during the Period.
7. Fasken Martineau DuMoulin LLP ("Fasken"), as independent legal counsel to the Receiver, have provided legal services to the Receiver, rendered services throughout these proceedings in a manner consistent with the instructions of the Receiver and has prepared an affidavit with respect to the services rendered in the period from November 1, 2016 to April 10, 2017 (the "Counsel's Period"). The Receiver has reviewed the invoices rendered by Fasken during the Counsel's Period.
8. To the best of my knowledge, the rates charged by the Receiver and Fasken are comparable to the rates charged for the provision of similar services by other accounting and law firms in downtown Toronto.
9. I verily believe that the fees and disbursements incurred by the Receiver and Fasken are fair and reasonable in the circumstances.
10. This Affidavit is sworn in connection with a motion for an Order of this Court to, among other things, approve the fees and disbursements of the Receiver and those of its legal counsel and for no improper purpose.

Dated at Montreal, Province of Quebec, this 12<sup>th</sup> day of April, 2017.

Richter Advisory Group Inc.  
 In its capacity as Receiver 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.

  
 \_\_\_\_\_  
 Clark Lonergan, CPA, CA, CIRP

SWORN BEFORE ME at the City of Montreal  
 in the Province of Quebec  
 this 2<sup>th</sup> day of April, 2017.

  
 \_\_\_\_\_  
 Commissioner of Oaths



This is Exhibit "A" referred to in the Affidavit of  
Clark Lonergan, sworn before me this  
12<sup>th</sup> day of April 2017

Cindy Michael





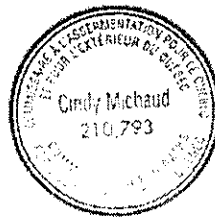
Richter Advisory Group Inc.  
IN THE MATTER OF THE RECEIVERSHIP

Re: J.S.N. Jewellery Inc. et al  
Statement of Fees Summary  
For the Period from November 14, 2016 to March 31, 2017

<u>Invoice</u>	<u>Date of invoice</u>	<u>Fees</u>	<u>Disbursements</u>	<u>HST</u>	<u>Total</u>
20401467	December 15, 2016	26,070.25	382.81	3,438.90	29,891.96
20401613	February 2, 2017	30,591.50	543.06	4,047.49	35,182.05
20401773	April 4, 2017	27,955.50	42.99	3,639.80	31,638.29
		<u>84,617.25</u>	<u>968.86</u>	<u>11,126.19</u>	<u>96,712.30</u>

This is Exhibit "B" referred to in the Affidavit of  
Clark Lonergan, sworn before me this  
12<sup>th</sup> day of April, 2017

Cindy Michaud



# RICHTER

Richter Advisory Group Inc., Receiver re: J.S.N. Jewellery Inc.  
181 Bay Street, Suite 3320  
Toronto, ON M5J 2T3

Date: 12/15/2016  
Invoice No.: 20401467  
Engagement No.: 2020654  
Payment Terms: Net 30 Days

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Professional services rendered to December 9, 2016			\$ 31,070.25
Disbursements			382.81
Less: Courtesy Discount			-5,000.00
			<hr/>
<b>Sub-Total</b>			26,453.06
GST/HST #885435842 RT0001			3,438.90
			<hr/>
<b>Total Due</b>	<b>CAD</b>		<b>\$ 29,891.96</b>

T. 416.488.2345  
Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal



Invoice No.: 20401467  
Date: 12/15/2016



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**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Adam Sherman	0.40	\$ 625.00	\$ 250.00
Ann Stremski	0.40	185.00	74.00
Caleigh Smith	38.25	285.00	10,901.25
Carol O'Donnell	8.50	250.00	2,125.00
Clark Lonergan	16.00	625.00	10,000.00
Katherine Forbes	14.00	525.00	7,350.00
Pascale Lareau	1.00	185.00	185.00
Soazig Bourguine	1.00	185.00	185.00
	<hr/>		<hr/>
<b>Disbursements</b>	<b>79.55</b>		<b>\$ 31,070.25</b>

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<b>Disbursements</b>	<b>\$ 382.81</b>
	<hr/>
	<b>\$ 382.81</b>

Invoice No.: 20401467  
Date: 12/15/2016



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**Fee and Disbursement Details**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
11/14/2016	Carol O'Donnell Email RC-59 to K. Forbes.	0.10	\$ 250.00	\$ 25.00
11/15/2016	Carol O'Donnell Verify if FedEx still outstanding at BMO. Email to K. Forbes.	0.30	250.00	75.00
11/17/2016	Carol O'Donnell Update GL's, obtain banking information from BMO. Email all GL's and BMO statements to K. Forbes. Update deposits, scan and save. Update GST/HST.	1.30	250.00	325.00
11/18/2016	Carol O'Donnell Scanning and saving cheques and back up.	0.20	250.00	50.00
11/18/2016	Caleigh Smith Review of Charm counter offer, review of UK status and scenarios, preparation of payments	3.25	285.00	926.25
11/21/2016	Katherine Forbes Discussion with CRO re: JSN UK outstanding matters, cash balance. Circulation of draft JSN report to counsel, review of draft order. Approving payments.	1.60	525.00	840.00
11/21/2016	Caleigh Smith Preparation of settlement agreements - WK Chan and Charm, call with Ben Bridge, follow up on outstanding invoices (Canada Post, Malca Amit).	2.25	285.00	641.25
11/22/2016	Carol O'Donnell Verify bank for wire transfers, emails with K. Forbes, enter deposits, scan and save. Prepare cheques.	0.90	250.00	225.00
11/22/2016	Katherine Forbes Call with CRO, lender counsel to discuss JSN UK next steps. Banking matters and update R&D.	1.20	525.00	630.00
11/22/2016	Clark Lonergan Finalizing the Receiver's report, realization update, etc.	3.00	625.00	1,875.00
11/22/2016	Caleigh Smith Preparation of cheques.	0.25	285.00	71.25
11/23/2016	Carol O'Donnell Update fee affidavit. Update NSF cheque, email to K. Forbes.	0.70	250.00	175.00

Invoice No.: 20401467  
Date: 12/15/2016



Date	Name and Description	Hours	Rate	Amount
11/23/2016	Katherine Forbes Review and approve HST for October, discussions with counsel re: Sharon Stone settlement. Calculating updated interim distribution.	2.50	525.00	1,312.50
11/23/2016	Caleigh Smith Review of AR collections, correspondence with collections agency, follow up on GMJ accounts.	1.25	285.00	356.25
11/24/2016	Carol O'Donnell Update deposits, scan and save. Update website.	1.60	250.00	400.00
11/24/2016	Katherine Forbes Finalizing third receiver's report and fee affidavit, discussions with counsel, and costs reconciliation. Review of UK sale agreement, settlement agreement, discussion with CRO.	4.50	525.00	2,362.50
11/25/2016	Katherine Forbes Finalizing third receiver's report, fee affidavit and motion record for service.	1.50	525.00	787.50
11/25/2016	Clark Lonergan Finalizing the Report.	2.25	625.00	1,406.25
11/25/2016	Caleigh Smith Preparation of realization analysis, review of R&D and court reports, review of fee affidavits, review of JSN GLs.	4.25	285.00	1,211.25
11/28/2016	Katherine Forbes General file activities.	0.50	525.00	262.50
11/28/2016	Soazig Bourguine Motion & 3rd Report posted on website and faxed to OSB.	0.50	185.00	92.50
11/28/2016	Clark Lonergan Banking, review of GL and estimated realization schedule re: future distribution calculation, post dated cheque review, WK Chan review, etc.	1.25	625.00	781.25
11/28/2016	Caleigh Smith Review Bell invoices and contact vendor, correspondence with collections agency.	1.75	285.00	498.75
11/29/2016	Clark Lonergan Banking, WK Chan discussion and agreement review, AR analysis and review, etc.	1.75	625.00	1,093.75
11/29/2016	Caleigh Smith Call with David Chan re: WK Chan account, call with FP Postal, updates to realization analysis.	3.75	285.00	1,068.75

Invoice No.: 20401467  
Date: 12/15/2016



Date	Name and Description	Hours	Rate	Amount
11/30/2016	Katherine Forbes Realization update and correspondence with lender, CRO.	1.10	525.00	577.50
11/30/2016	Caleigh Smith Updates to realization analysis, review of professional fees, coordination of interim distribution.	4.25	285.00	1,211.25
12/01/2016	Carol O'Donnell Prepare transfers from JSN CDN, GMJ, Always, general trust account. Prepare wire transfers, update accounting.	2.90	250.00	725.00
12/01/2016	Katherine Forbes Attendance at court hearing, review of sales taxes in Unique transaction and discussion with C. Smith, CRO.	1.10	525.00	577.50
12/01/2016	Soazig Bourguine Website posting, fax to OSB.	0.50	185.00	92.50
12/01/2016	Clark Lonergan Attendance at Court, realization analysis update, distribution to Salus, settlement update and discussions with Unique and counsel re: the same.	3.75	625.00	2,343.75
12/01/2016	Caleigh Smith Review of AR and consolidation of ledgers, interim distribution to Salus, review of vendor invoices and preparation of cheques.	4.25	285.00	1,211.25
12/02/2016	Caleigh Smith Review Charm offer, review of utilities bills and follow up with Enbridge and Powerstream, Sharon Stone settlement discussion, discussion on approach for remaining assets (samples, designs, hard drives), call with S&C regarding server hosting quote.	3.25	285.00	926.25
12/05/2016	Pascale Lareau Bank reconciliation GMJ, Always and J.S.N. (3 bk accts).	0.70	185.00	129.50
12/05/2016	Carol O'Donnell Verify bank for wire transfer in UK. Email to C. Smith. Enter, scan and save deposit.	0.50	250.00	125.00
12/05/2016	Ann Stremski Prepare 5 internet transfers; prepare entries for bank charges in 5 accounts; update schedule.	0.40	185.00	74.00
12/05/2016	Clark Lonergan VAT and purchase price discussion re: the Unique purchase, etc.	0.60	625.00	375.00

Invoice No.: 20401487  
 Date: 12/15/2016



Date	Name and Description	Hours	Rate	Amount
12/05/2016	Caleigh Smith Review of UK distribution, ad hoc AR follow up with GMJ customers, WK Chan, coordination of sample shipment, assistance with access to Whitpay / GAJS entity data, tax calculation (RST) on Unique transaction.	3.75	285.00	1,068.75
12/06/2016	Clark Lonergan Bank accounts review, VAT update with counsel re: Unique purchase, UK update, etc.	1.50	625.00	937.50
12/06/2016	Caleigh Smith Preparation and payment of cheques.	0.50	285.00	142.50
12/07/2016	Pascale Lareau HST calculation November 2016.	0.30	185.00	55.50
12/07/2016	Caleigh Smith Payment of distribution to Salus, coordination of samples shipment with FedEx.	1.25	285.00	356.25
12/08/2016	Clark Lonergan Realization update and distribution to the Lender, etc.	1.25	625.00	781.25
12/08/2016	Caleigh Smith Invoice review, preparation of cheques / payments to vendors.	0.50	285.00	142.50
12/09/2016	Clark Lonergan Asset update, AR re: Charm email, etc., dealing with Unique re: marketing materials.	0.65	625.00	406.25
12/09/2016	Adam Sherman Review/sign off on November 2016 bank rec's for A&F, JSN (\$CAN and \$US), JSN UK, and GMJ.	0.40	625.00	250.00
12/09/2016	Caleigh Smith AR update, realization analysis update, FedEx shipment coordination, discussions re: VAT payment	3.75	285.00	1,068.75
<b>Fees Total</b>		<b>79.55</b>		<b>\$ 31,070.25</b>
Date	Name and Description	Hours	Rate	Amount
10/28/2016	Disbursements Travel (airfare, accommodation, meals), Mileage, Postage, Photocopy, Courier, etc.			\$ 382.81
<b>Disbursements Total</b>				<b>\$ 382.81</b>



Invoice No.: 20401467  
Date: 12/15/2016



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**Remittance Form**

Richter Advisory Group Inc., Receiver re: J.S.N. Jewellery Inc.  
181 Bay Street, Suite 3320  
Toronto, ON M5J 2T3

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**Invoice Summary**

Sub-Total		\$ 26,453.06
GST/HST #885435842 RT0001		3,438.90
<b>Total Due</b>	<b>CAD</b>	<b>\$ 29,891.96</b>

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**Payment Options**

**Wire Transfer**

Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR  
Email payment details, including invoice number and amount paid to:  
ClientService@richter.ca

**Cheques**

Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca**

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal

# RICHTER

Richter Advisory Group Inc., Receiver re: J.S.N. Jewellery Inc.  
181 Bay Street, Suite 3320  
Toronto, ON M5J 2T3

Date: 02/10/2017  
Invoice No.: 20401613  
Engagement No.: 2020654  
Payment Terms: Net 30 Days

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Professional services rendered to February 3, 2017			\$ 35,591.50
Less: Courtesy Discount			-5,000.00
Disbursements			543.06
			<hr/>
<b>Sub-Total</b>			31,134.56
GST/HST #885435842 RT0001			4,047.49
			<hr/>
<b>Total Due</b>	CAD		<b>\$ 35,182.05</b>

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
[www.richter.ca](http://www.richter.ca)

Toronto, Montreal



Invoice No.: 20401613  
Date: 02/10/2017

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**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Adam Sherman	0.30	\$ 625.00	\$ 187.50
Ann Stremski	0.60	185.00	111.00
Caleigh Smith	39.95	285.00	11,385.75
Carol O'Donnell	12.50	250.00	3,125.00
Catherine Dickner	0.50	425.00	212.50
Clark Lonergan	14.75	625.00	9,218.75
Katherine Forbes	20.00	525.00	10,500.00
Pascale Lareau	4.60	185.00	851.00
	<b>93.20</b>		<b>\$ 35,591.50</b>

**Disbursements**

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Disbursements	\$ 543.06
	<b>\$ 543.06</b>

Invoice No.: 20401613  
Date: 02/10/2017



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**Fee and Disbursement Details**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
12/02/2016	Carol O'Donnell Scan and save all transfers and deposits re: Salus. Prepare transfer from JSN US account to CDN account, scan and update. Email copies of invoices for Power Stream to C. Smith. Transfer funds from US to CDN. Prepare cheques.	2.80	\$ 250.00	\$ 700.00
12/06/2016	Carol O'Donnell Prepare cheques.	0.20	250.00	50.00
12/07/2016	Carol O'Donnell Enter deposit, scan and save.	0.20	250.00	50.00
12/12/2016	Carol O'Donnell Misc. administration, filing of documents. Verify with bank if we can issue UK draft, email to C. Smith.	0.80	250.00	200.00
12/12/2016	Caleigh Smith Calculation of VAT holdback and release of escrow balance, call with Fedex regarding shipment of samples to Unique, call with David Chan regarding payment of balances owing.	1.25	285.00	356.25
12/13/2016	Carol O'Donnell Print banking position for all accounts and email to C. Lonergan. Print all GL's and email to C. Lonergan. Review HST and email to K. Forbes.	0.70	250.00	175.00
12/13/2016	Carol O'Donnell Prepare wire transfer to Stikeman.	0.30	250.00	75.00
12/13/2016	Katherine Forbes Various communications re: receivership activities update.	0.30	525.00	157.50
12/13/2016	Clark Lonergan Realization update analysis, dealing with Unique re: VAT and settlement agreement, sales and marketing materials, etc.	1.50	625.00	937.50
12/13/2016	Caleigh Smith Follow up with Bell re: outstanding invoices.	0.25	285.00	71.25
12/14/2016	Carol O'Donnell Update deposit, scan and save. Redo wire for Stikeman.	0.40	250.00	100.00
12/14/2016	Katherine Forbes Lender update - realization etc, AR realizations.	1.00	525.00	525.00
12/14/2016	Katherine Forbes Asset realization activities.	1.00	525.00	525.00

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Date	Name and Description	Hours	Rate	Amount
12/14/2016	Caleigh Smith Follow up on questions from collections agency.	0.50	285.00	142.50
12/15/2016	Carol O'Donnell Call BMO regarding problem with wire transfer. Resubmit transfer. Prepare deposit, scan and save.	0.50	250.00	125.00
12/15/2016	Katherine Forbes Realization update and email to lender.	2.00	525.00	1,050.00
12/15/2016	Katherine Forbes Asset realization activities.	2.00	525.00	1,050.00
12/15/2016	Clark Lonergan AR analysis, WK Chan upate, realization update, etc.	1.25	625.00	781.25
12/16/2016	Carol O'Donnelli Prepare wire transfer to Salus. Prepare deposit, scan and save.	0.50	250.00	125.00
12/16/2016	Katherine Forbes Realization update with A. Prunier, overseeing wire and instructions.	0.70	525.00	367.50
12/16/2016	Clark Lonergan Realization update review, processing distribution, next steps discussion with counsel, etc.	1.50	625.00	937.50
12/19/2016	Carol O'Donnell Redo transfer for Salus.	0.20	250.00	50.00
12/19/2016	Katherine Forbes Asset realization activities.	1.00	525.00	525.00
12/20/2016	Carol O'Donnell Prepare cheques.	0.20	250.00	50.00
12/20/2016	Katherine Forbes Charm AR negotiations and other asset realization activities.	0.50	525.00	262.50
12/20/2016	Caleigh Smith Charm settlement agreement preparation / Enbridge invoice follow up.	0.25	285.00	71.25
12/21/2016	Pascale Lareau GST declaration November 2016.	0.20	185.00	37.00
12/21/2016	Katherine Forbes Asset realization activities.	1.50	525.00	787.50
12/22/2016	Carol O'Donnelli Update deposit, scan and save. Prepare wire transfer. prepare deposits, scan and save.	1.10	250.00	275.00
12/22/2016	Katherine Forbes	0.50	525.00	262.50

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 Date: 02/10/2017



Date	Name and Description	Hours	Rate	Amount
	Correspondence with lender, overseeing and approving wire requisition.			
12/22/2016	Clark Lonergan Update for the Bank, realization update, AR discussions with collections agency and Chan, etc.	3.00	625.00	1,875.00
12/30/2016	Katherine Forbes Update call with A. Prunier and C. Lonergan, communications with CRO, and realization update.	1.50	525.00	787.50
01/03/2017	Katherine Forbes Asset realization activities.	0.50	525.00	262.50
01/04/2017	Ann Stremski Prepare transfers in online banking for 5 accounts; prepare entries for bank charges.	0.50	185.00	92.50
01/04/2017	Katherine Forbes Asset realization activities.	0.60	525.00	315.00
01/05/2017	Pascale Lareau Bank reconciliation (J.S.N. UK, J.S.N. US and CDN, GMJ, Always & Forever).	0.80	185.00	148.00
01/05/2017	Katherine Forbes Discussion with CRO re: JSN UK.	0.30	525.00	157.50
01/09/2017	Pascale Lareau Calculation GST QST declaration December 2016 (J.S.N. and Always).	0.50	185.00	92.50
01/09/2017	Carol O'Donnell Update deposit, scan and save.	0.20	250.00	50.00
01/09/2017	Caleigh Smith Updates to realization on first OSB report.	0.20	285.00	57.00
01/10/2017	Carol O'Donnell Verify bank reconciliation for Always, JSN CDN, JSN US, JSN UK, GMJ.	0.30	250.00	75.00
01/10/2017	Caleigh Smith Response to Collections Agency question Re: AR.	0.25	285.00	71.25
01/11/2017	Carol O'Donnell Prepare cheque.	0.20	250.00	50.00
01/11/2017	Katherine Forbes Internal planning discussions re: court report and HST.	0.50	525.00	262.50
01/11/2017	Caleigh Smith Preparation of 4th court report / HST exposure analysis updates / follow up of payments outstanding / discussion with David Chan and follow up.	5.25	285.00	1,496.25

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Date: 02/10/2017



Date	Name and Description	Hours	Rate	Amount
01/12/2017	Clark Lonergan Realization update with counsel, etc.	1.00	625.00	625.00
01/12/2017	Caleigh Smith Fourth court report review and response to comments / call with 407 re: outstanding account / call with landlord re: mail redirection.	1.75	285.00	498.75
01/13/2017	Katherine Forbes Asset realization activities.	0.40	525.00	210.00
01/13/2017	Caleigh Smith Review of outstanding invoices and follow up (Bell and S+C).	0.50	285.00	142.50
01/16/2017	Carol O'Donnell Review and update reconciliation HST for December 2016, prepare PDF and email to K. Forbes for approval. Prepare and email all GL's to C. Smith.	0.70	250.00	175.00
01/16/2017	Katherine Forbes Call with C. O'Donnell re: HST filings for (sp) uncollectible pre-filing AR.	0.10	525.00	52.50
01/16/2017	Katherine Forbes Asset realization activities.	0.70	525.00	367.50
01/17/2017	Pascale Lareau GST/HST Declaration Oct. to Dec. 2016 - Always & Forever.	0.20	185.00	37.00
01/17/2017	Carol O'Donnell Prepare cheque. Emails GL's to C. Smith.	0.30	250.00	75.00
01/17/2017	Katherine Forbes Internal planning re: JSN next steps, update document.	0.50	525.00	262.50
01/17/2017	Caleigh Smith Updates to realization analysis / payment of outstanding bills.	2.75	285.00	783.75
01/18/2017	Pascale Lareau Preparation cheque for Fasken.	0.10	185.00	18.50
01/18/2017	Ann Stremski Save pdf of cheque; communication with C. O'Donnell.	0.10	185.00	18.50
01/18/2017	Catherine Dickner Discussed with C. Smith re: GST/HST issues.	0.50	425.00	212.50
01/18/2017	Katherine Forbes Preparing of JSN update communication for lender.	1.50	525.00	787.50
01/18/2017	Caleigh Smith	2.75	285.00	783.75

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Date: 02/10/2017



Date	Name and Description	Hours	Rate	Amount
	Updates to realization analysis, call with David Chan, discussion with tax team regarding amendment to HST remittance.			
01/19/2017	Katherine Forbes Internal planning re: tax returns, other next steps.	0.30	525.00	157.50
01/19/2017	Clark Lonergan Remaining update items for the Lender and counsel, as well as next steps document.	1.00	625.00	625.00
01/19/2017	Caleigh Smith Review of HST analysis and prior remittance, follow up with David Chan, cheque deposits, review of ANRC collections status report.	1.25	285.00	356.25
01/20/2017	Katherine Forbes Call with Salus and lender's counsel regarding JSN next steps.	0.80	525.00	420.00
01/20/2017	Clark Lonergan Update call with Bank and prep for call.	1.50	625.00	937.50
01/23/2017	Katherine Forbes Asset realization activities.	0.80	525.00	420.00
01/23/2017	Katherine Forbes Review of December 2016 HST return	0.40	525.00	210.00
01/24/2017	Pascale Lareau GST Declaration December 2016.	0.20	185.00	37.00
01/24/2017	Carol O'Donnell Enter deposits, scan and save.	0.20	250.00	50.00
01/24/2017	Katherine Forbes Correspondence with GRO on VAT and wire of funds.	0.30	525.00	157.50
01/24/2017	Clark Lonergan AR update	0.25	625.00	156.25
01/25/2017	Carol O'Donnell Prepare wire transfer, enter and scan.	0.50	250.00	125.00
01/25/2017	Clark Lonergan UK discussion, VAT release, Holdback release.	0.75	625.00	468.75
01/25/2017	Caleigh Smith 4th court report preparation, 1st OSB report preparation, review of HST remittance.	6.00	285.00	1,710.00
01/26/2017	Carol O'Donnell Prepare cheque, scan and save.	0.20	250.00	50.00
01/26/2017	Caleigh Smith Correspondence with Bell, review of account history, payment of balance owing.	0.50	285.00	142.50



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Date: 02/10/2017



Date	Name and Description	Hours	Rate	Amount
01/27/2017	Carol O'Donnell Verify bank for wire transfer, email to C. Lonergan, update deposits.	0.40	250.00	100.00
01/27/2017	Clark Lonergan CRO holdback discussion, AR update, etc.	0.50	625.00	312.50
01/27/2017	Caleigh Smith JSN 1st OSB report preparation.	6.50	285.00	1,852.50
01/30/2017	Pascale Lareau Preparation documents for requisition of Revenu Canada concerning HST refund.	0.70	185.00	129.50
01/30/2017	Carol O'Donnell Verify bank balances for all JSN accounts, email to C. Lonergan. Verify bank for wire transfers, email to C. Smith, enter wire. Prepare wire transfer to Salus, enter, scan and save.	0.90	250.00	225.00
01/30/2017	Katherine Forbes Employee-related administration - 2016 T4As and discussion with C. Smith.	0.30	525.00	157.50
01/30/2017	Clark Lonergan AR update, WK Chan discussion, realization update, distribution to the lender, review of report, etc.	2.50	625.00	1,562.50
01/30/2017	Caleigh Smith Review of November sales for HST audit, prep. distribution to Salus, call with JoAnne re: JST remittance, discussions re:T4A and review of T4 submission.	2.00	285.00	570.00
01/31/2017	Carol O'Donnell Prepare wire transfer, update.	0.30	250.00	75.00
01/31/2017	Caleigh Smith Preparation of distribution to Salus, first OSB report, discussions regarding server.	6.00	285.00	1,710.00
02/01/2017	Carol O'Donnell Update deposit, scan and save.	0.20	250.00	50.00
02/01/2017	Caleigh Smith Updates to fourth court report.	2.00	285.00	570.00
02/02/2017	Carol O'Donnell Instruction to Pascale Lareau to prepare T4A's.	0.20	250.00	50.00
02/02/2017	Adam Sherman Review/approve December 2016 bank recs re: JSN (\$CAN and \$US), JSN UK, GMJ and A&F.	0.30	625.00	187.50
02/03/2017	Pascale Lareau Preparation T4A for dividend employees	1.90	185.00	351.50

Invoice No.: 20401613  
Date: 02/10/2017



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Date	Name and Description	Hours	Rate	Amount
<b>Fees Total</b>		<b>93.20</b>		<b>\$ 35,591.50</b>

Date	Name and Description	Hours	Rate	Amount
08/30/2016	Disbursements Travel (airfare, accommodation, meals), Mileage, Postage, Photocopy, Courier, etc.			\$ 543.06
<b>Disbursements Total</b>				<b>\$ 543.06</b>

Invoice No.: 20401613  
Date: 02/10/2017



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**Remittance Form**

Richter Advisory Group Inc., Receiver re: J.S.N. Jewellery Inc.  
181 Bay Street, Suite 3320  
Toronto, ON M5J 2T3

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**Invoice Summary**

Sub-Total		\$ 31,134.56
GST/HST #885435842 RT0001		4,047.49
Total Due	CAD	<u>\$ 35,182.05</u>

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**Payment Options**

**Wire Transfer** Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR  
Email payment details, including invoice number and amount paid to:  
ClientService@richter.ca

**Cheques** Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries:** please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal

# RICHTER

Richter Advisory Group Inc., Receiver re: J.S.N. Jewellery Inc.  
181 Bay Street, Suite 3320  
Toronto, ON M5J 2T3

Date: 04/04/2017  
Invoice No.: 20401773  
Engagement No.: 2020654  
Payment Terms: Net 30 Days

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Professional services rendered to March 31, 2017			\$ 32,955.50
Less: Courtesy Discount			-5,000.00
Disbursements			42.99
			<hr/>
<b>Sub-Total</b>			27,998.49
GST/HST #885435842 RT0001			3,639.80
			<hr/>
<b>Total Due</b>	CAD		<b>\$ 31,638.29</b>

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
[www.richter.ca](http://www.richter.ca)

Toronto, Montreal



Invoice No.: 20401773  
Date: 04/04/2017



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**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Adam Sherman	4.90	\$ 625.00	\$ 3,062.50
Ann Stremski	0.70	185.00	129.50
Caleigh Smith	13.00	285.00	3,705.00
Carol O'Donnell	9.80	250.00	2,450.00
Clark Lonergan	12.40	625.00	7,750.00
Eric Griffins	0.30	350.00	105.00
Katherine Forbes	23.93	525.00	12,565.00
Pascale Lareau	4.30	185.00	795.50
Soazig Bourguine	0.30	185.00	55.50
Wuji Mahmood	5.50	425.00	2,337.50
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<b>Disbursements</b>	<b>75.13</b>		<b>\$ 32,955.50</b>

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<b>Disbursements</b>			<b>\$ 42.99</b>
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			<b>\$ 42.99</b>

Invoice No.: 20401773  
Date: 04/04/2017



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**Fee and Disbursement Details**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
02/06/2017	Pascale Lareau Bank reconciliation (5 bks accts.)	0.20	\$ 185.00	\$ 37.00
02/06/2017	Wuji Mahmood Work on 2016 T2	1.50	425.00	637.50
02/06/2017	Caleigh Smith OSB report updates	2.50	285.00	712.50
02/07/2017	Carol O'Donnell Prepare cheque	0.20	250.00	50.00
02/07/2017	Carol O'Donnell Prepare cheque	0.20	250.00	50.00
02/07/2017	Clark Lonergan Unique transaction regarding memo inventory and discussion with counsels re: the same	0.65	625.00	406.25
02/07/2017	Wuji Mahmood Work on 2016 T2	2.00	425.00	850.00
02/08/2017	Katherine Forbes Reviewing ARNC deposit, and correspondence with C. O'Donnell, C. Smith.	0.30	525.00	157.50
02/08/2017	Caleigh Smith ANRC review of status report, call to discuss split cheques, mail shipment	0.75	285.00	213.75
02/09/2017	Caleigh Smith R&D preparation for OSB report	3.75	285.00	1,068.75
02/10/2017	Carol O'Donnell Prepare deposit, scan and save. Emails to C. Lonergan regarding balance of fund in trust acct. Transfer frunds from US account to Canadian account. Update transfers in ascend.Prepare cheque.	0.90	250.00	225.00
02/10/2017	Katherine Forbes Drafting and review of interim OSB report, and review of supporting court orders.	2.50	525.00	1,312.50
02/10/2017	Clark Lonergan Realiztion update, OSB report, cost to complete analysis, next steps dicussion, etc.	1.75	625.00	1,093.75
02/10/2017	Caleigh Smith Updates to OSB report	0.25	285.00	71.25
02/11/2017	Katherine Forbes Review and drafting of first interim OSB report and R&D schedule	2.50	525.00	1,312.50
02/13/2017	Katherine Forbes Discussions with C. Smith re: R&D for interim OSB report	0.30	525.00	157.50

Invoice No.: 20401773  
Date: 04/04/2017



Date	Name and Description	Hours	Rate	Amount
02/13/2017	Adam Sherman Review, revise interim report. Emails with Richer team.	2.50	625.00	1,562.50
02/13/2017	Caleigh Smith JSN OSB Report - R&D updates	1.75	285.00	498.75
02/14/2017	Pascale Lareau Mailing T4A 2016	0.60	185.00	111.00
02/14/2017	Carol O'Donnell Update deposit for Always Forever. Prepare transfer of funds from US account, update Ascend. Prepare reallocations, email K. Forbes.	3.40	250.00	850.00
02/14/2017	Katherine Forbes Finalizing JSN R&D for interim OSB report, correspondence with C. Smith.	0.80	525.00	420.00
02/14/2017	Adam Sherman Review, revise interim report, including emails/calls with K. Forbes re same.	1.00	625.00	625.00
02/14/2017	Caleigh Smith Updates to R&D	0.50	285.00	142.50
02/20/2017	Ann Stremski Prepare cheque for wire fees; update schedule	0.20	185.00	37.00
02/21/2017	Katherine Forbes Finalizing interim OSB report	0.30	525.00	157.50
02/22/2017	Katherine Forbes Finalizing interim OSB report and correspondence re: filing.	0.30	525.00	157.50
02/22/2017	Clark Lonergan Realization update, JSN court report, etc.	0.75	625.00	468.75
02/22/2017	Adam Sherman Review/approve January 2017 bank recs for JSN (\$CAN and \$US), JSN UK, A&F, and GMJ. Review/revise/finalize 246(2) report, including emails/discussions with K. Forbes re same.	1.00	625.00	625.00
02/23/2017	Carol O'Donnell Prepare HST for January 2017, email to K. Forbes.	0.30	250.00	75.00
02/23/2017	Katherine Forbes Correspondence with C O'Donnell re: JSN sales taxes collected and GL allocations.	0.50	525.00	262.50
02/23/2017	Katherine Forbes Asset realization and administrative activities.	0.40	525.00	210.00
02/23/2017	Soazig Bourguine	0.30	185.00	55.50

Invoice No.: 20401773  
Date: 04/04/2017



Date	Name and Description	Hours	Rate	Amount
	Interim Report to OSB and posted on website			
02/24/2017	Carol O'Donnell Discussion with K. Forbes and A. Adessky regarding HST adjustments.	0.30	250.00	75.00
02/24/2017	Katherine Forbes Calls with S. Brotman and C. Lonergan, and C. O'Donnell and A. Adessky re: pre-filing HST amounts	0.80	525.00	420.00
02/24/2017	Katherine Forbes Asset realization activities	0.40	525.00	210.00
02/27/2017	Carol O'Donnell Prepare cheque. Scan and save.	0.20	250.00	50.00
02/27/2017	Katherine Forbes Payment of freight costs, correspondence with C. Smith re: information for Consensus.	0.30	525.00	157.50
02/28/2017	Pascale Lareau Application for a tax number for the QST and RST, Declaration HST January 2017	0.70	185.00	129.50
02/28/2017	Carol O'Donnell Amend GST/HST reconciliation, email to K. Forbes. Prepare reallocations.	1.20	250.00	300.00
02/28/2017	Katherine Forbes Review of HST return and correspondence with C. O'Donnell	0.40	525.00	210.00
03/01/2017	Pascale Lareau Call Revenu Canada and Revenu Quebec for GST QST remittance	0.80	185.00	148.00
03/01/2017	Carol O'Donnell Prepare cheque, scan and save. Preparation of RST and QSt forms, discussions with K. Forbes, email completed forms to K. Forbes. Prepare cheques for PST.	1.10	250.00	275.00
03/01/2017	Katherine Forbes Update to lenders and review and approval of provincial sales tax remittances re: Unique Transaction.	0.50	525.00	262.50
03/02/2017	Katherine Forbes Receivership update email, and subsequent call with lender's counsel	0.60	525.00	315.00
03/02/2017	Clark Lonergan JSN update call with counsel	0.50	625.00	312.50
03/02/2017	Caleigh Smith Call with contractor RE: T4As, summary of AR collections for Consensus	0.75	285.00	213.75
03/03/2017	Carol O'Donnell	0.70	250.00	175.00



Invoice No.: 20401773  
Date: 04/04/2017



Date	Name and Description	Hours	Rate	Amount
03/03/2017	Update banks, email K. Forbes banking info and GL's for all accounts Katherine Forbes Realization and professional fees update for lender and lender's counsel, and for Consensus fees purposes. Internal correspondence re: same.	1.50	525.00	787.50
03/06/2017	Pascale Lareau bank reconciliation (Always, J.S.N. UK, J.S.N. US, J.S.N. CAN, GMJ)	1.00	185.00	185.00
03/06/2017	Carol O'Donnell Comm. with BMO regarding transfers received in our trust account. Email to K. Forbes.	0.20	250.00	50.00
03/06/2017	Katherine Forbes Correspondence with lender's counsel re: costs to complete receivership. Review of realization update for Consensus billing purposes.	0.50	525.00	262.50
03/06/2017	Clark Lonergan Update for the lender re: fees and work to complete, court report drafting, etc.	1.75	625.00	1,093.75
03/06/2017	Caleigh Smith Consensus AR collections update, call with Catherine and Michel	0.75	285.00	213.75
03/08/2017	Pascale Lareau Preparation schedule of GST Feb.2017	0.30	185.00	55.50
03/08/2017	Ann Stremski Transfer funds and prepare entries on 5 accounts	0.50	185.00	92.50
03/08/2017	Clark Lonergan Receiver's Court Report, tax update, etc.	1.15	625.00	718.75
03/09/2017	Carol O'Donnell Telephone communication with CRA regarding outstanding refunds, prepare and fax GI for October 2016.	0.30	250.00	75.00
03/09/2017	Katherine Forbes Payment of receivership costs	0.20	525.00	105.00
03/10/2017	Katherine Forbes Receipt of cheques for deposit and approving payments. Banking follow-up.	0.40	525.00	210.00
03/13/2017	Carol O'Donnell Update deposit, scan and save.	0.20	250.00	50.00
03/14/2017	Katherine Forbes Review Receiver's Court Report and supporting documentation.	1.50	525.00	787.50

Invoice No.: 20401773  
Date: 04/04/2017



Date	Name and Description	Hours	Rate	Amount
03/15/2017	Adam Sherman Review/approve bank recs for February 2017 for JSN(\$CAN and \$US), JSN(UK), GMJ and A&F.	0.40	625.00	250.00
03/16/2017	Caleigh Smith Review of post-dated cheques on hand, call with contractor re: commissions	0.75	285.00	213.75
03/17/2017	Carol O'Donnell Review HST, prepare scan, email to K. Forbes.	0.30	250.00	75.00
03/17/2017	Katherine Forbes Correspondence with C. Smith re: Whitpay tax return request.	0.20	525.00	105.00
03/20/2017	Katherine Forbes Discussion with W. Mahmood re: 2016 tax returns	0.20	525.00	105.00
03/20/2017	Wuji Mahmood Review and preparation of tax return and list of outstanding information	1.00	425.00	425.00
03/21/2017	Katherine Forbes Review and approval of February 2017 HST return. Review of collections agency report re: A&F.	0.30	525.00	157.50
03/23/2017	Pascale Lareau Call Revenu Canada regarding income tx 2013-2015 and Docu-Dépôt box listing for the information	0.70	185.00	129.50
03/23/2017	Katherine Forbes various receivership administration (tax return status, etc.)	0.30	525.00	157.50
03/23/2017	Clark Lonergan AR update, correspondence with counsel, etc.	0.40	625.00	250.00
03/24/2017	Katherine Forbes Realization and next steps update for lender's counsel. Internal correspondence re: tax filing deadlines and quote for US filing.	1.30	525.00	682.50
03/24/2017	Clark Lonergan JSN update and review of realizations, etc.	0.45	625.00	281.25
03/27/2017	Katherine Forbes Wrap-up planning and lender's counsel correspondence, review/drafting of Court Report.	1.00	525.00	525.00
03/27/2017	Caleigh Smith Review of tax information and correspondence with JoAnne	0.50	285.00	142.50

Invoice No.: 20401773  
 Date: 04/04/2017



Date	Name and Description	Hours	Rate	Amount
03/28/2017	Carol O'Donnell Prepare, scan all GL's and trial balances and email to K. Forbes	0.30	250.00	75.00
03/28/2017	Katherine Forbes Review/editing of Fourth Report, and information gathering for R&D. Internal discussions re: tax return compliance, HST refunds outstanding.	2.50	525.00	1,312.50
03/28/2017	Wuji Mahmood Review of Corporate tax return and calls with CRA re historical information needed. Correspondance with Richter team re HST refunds.	1.00	425.00	425.00
03/29/2017	Eric Griffins Help Wajahat with inquiries on the JSN returns	0.30	350.00	105.00
03/29/2017	Clark Lonergan Drafting and Review of Court Report and Realization update, etc.	1.75	625.00	1,093.75
03/30/2017	Katherine Forbes Discussion with C. Lonergan and input of review comments re: Court Report. Discussion with collections agency re: status and wind-down. Review of correspondence re: repossession of third party property by HSBC.	1.80	525.00	945.00
03/30/2017	Clark Lonergan Review of Court Report	2.50	625.00	1,562.50
03/30/2017	Caleigh Smith Coordination of gold testing machine pickup with HSBC	0.75	285.00	213.75
03/31/2017	Katherine Forbes Court Report, facilitating repossession of third party property to HSBC.	1.33	525.00	700.00
03/31/2017	Clark Lonergan Review of Court Report	0.75	625.00	468.75
<b>Fees Total</b>		<b>75.13</b>		<b>\$ 32,955.50</b>
<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
02/14/2017	Disbursements Travel (airfare, accommodation, meals), Mileage, Postage, Photocopy, Courier, etc.			\$ 42.99

Invoice No.: 20401773  
Date: 04/04/2017



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Date	Name and Description	Hours	Rate	Amount
<b>Disbursements Total</b>				<b>\$ 42.99</b>

Invoice No.: 20401773  
Date: 04/04/2017



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**Remittance Form**

Richter Advisory Group Inc., Receiver re: J.S.N. Jewellery Inc.  
181 Bay Street, Suite 3320  
Toronto, ON M5J 2T3

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**Invoice Summary**

Sub-Total		\$ 27,998.49
GST/HST #885435842 RT0001		3,639.80
<b>Total Due</b>	<b>CAD</b>	<b>\$ 31,638.29</b>

---

**Payment Options**

**Wire Transfer**

Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR  
Email payment details, including invoice number and amount paid to:  
ClientService@richter.ca

**Cheques**

Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal

This is Exhibit "C" referred to in the Affidavit of  
Clark Lonergan, sworn before me this  
12<sup>th</sup> day of April, 2017

Cindy Michaud



**Richter Advisory Group Inc.  
IN THE MATTER OF THE RECEIVERSHIP**

**Re: J.S.N. Jewellery Inc. et al  
Time Summary  
November 14, 2016 to March 31, 2017**

**Time Summary and applicable rates**

	<u>Hours</u>	<u>Rate</u>	<u>Total</u>
Adam Sherman	5.6	625.00	3,500.00
Ann Stremski	1.7	185.00	314.50
Caleigh Smith	91.2	285.00	25,992.00
Carol O'Donnell	30.8	250.00	7,700.00
Catherine Dickner	0.5	425.00	212.50
Clark Lonergan	43.2	625.00	26,968.75
Eric Griffins	0.3	350.00	105.00
Katherine Forbes	57.9	525.00	30,415.00
Pascale Lareau	9.9	185.00	1,831.50
Soazig Bourgine	1.3	185.00	240.50
Wuji Mahmood	5.5	425.00	2,337.50
	<u>247.9</u>		<u>99,617.25</u>
Less courtesy discount			(15,000.00)
Total			<u>84,617.25</u>
Average Hourly Amount			<u>\$ 341.36</u>

**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**

**AFFIDAVIT OF CLARK LONERGAN**

**FASKEN MARTINEAU DUMOULIN LLP**

Barristers and Solicitors

333 Bay Street, Suite 2400

Bay Adelaide Centre, Box 20

Toronto, ON M5H 2T6

**Stuart Brotman (LSUC# 43430D)**

Tel: 416 865 5419

Fax: 416 364 7813

sbrotman@fasken.com

**Dylan Chochla (LSUC# 62137I)**

Tel: 416 868 3425

Fax: 416 364 7813

dchochla@fasken.com

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



# **APPENDIX "E"**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

BETWEEN:

**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**

**AFFIDAVIT OF STUART BROTMAN  
(Affirmed April 13, 2017)**

I, Stuart Brotman, lawyer, of the City of Vaughan, in the Province of Ontario, AFFIRM AND SAY:

1. I am a partner in the law firm of Fasken Martineau DuMoulin LLP (“**Fasken**”), solicitors to 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 Corp., 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. Accordingly, I have knowledge of the matters hereinafter deposed to.

2. Attached hereto as **Exhibit "A"** are true copies of the Statements of Account of Fasken in respect of services rendered to the Receiver for the period from November 1, 2016 through April 10, 2017. During that period, the total fees incurred were \$27,572.00 plus disbursements of \$939.62 and applicable taxes of \$3,683.02, for an aggregate amount of \$32,194.64.

3. As set out in the following chart, 41.80 hours were incurred by Fasken, for the period from November 1, 2016 through April 10, 2017:

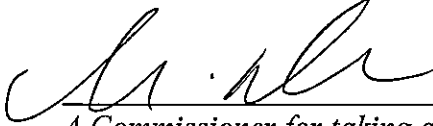
Name	Total Hours	Hourly Rate (\$)
Aubrey Kauffman	7.20	825
Stuart Brotman	6.80	775
Stuart Brotman	1.40	825
Natasha De Cicco	24.90	575
Natasha De Cicco	1.20	625
Dylan Chochla	<u>0.30</u>	465
<b>TOTAL:</b>	41.8	

4. The activities detailed in the attached statements of account accurately reflect the services provided by Fasken and the rates charged are at the standard hourly rates of those individuals at the firm at the time they were incurred.

5. In respect of the Statements of Account addressed herein, Fasken has been paid \$25,527.50 on account of fees, \$921.87 on account of disbursements, and \$3,414.92 on account of applicable taxes, for an aggregate amount of \$29,864.29.

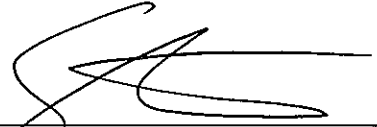
6. I affirm this affidavit in support of a motion for, *inter alia*, approval of the fees and disbursements of Fasken.

AFFIRMED BEFORE ME at the City of )  
Toronto, in the Province of Ontario, )  
this 13th day of April, 2017 )

  
\_\_\_\_\_ )

*A Commissioner for taking affidavits, etc.*

NATASHITA DE CICCO

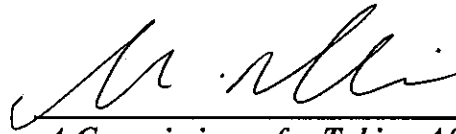
  
\_\_\_\_\_  
STUART BROTMAN

***THIS IS EXHIBIT "A"***

***Referred to in this Affidavit of***

***Stuart Brotman affirmed before me this***

***13th day of April, 2017***

A handwritten signature in cursive script, appearing to read "N. De Cicco".

***A Commissioner for Taking Affidavits***

***NATAJTA DE CICCO***

Fasken Martineau DuMoulin LLP  
Barristers and Solicitors  
Patent and Trade-mark Agents

+ 1 416 366 8381 General  
+ 1 416 364 7813 Fax  
1 800 268 8424 Toll-free

Bay Adelaide Centre  
333 Bay Street, Suite 2400  
P.O. Box 20  
Toronto, Ontario M5H 2T6  
Canada

fasken.com



Richter Advisory Group Inc.  
181 Bay Street  
Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3

January 10, 2017  
Invoice #: 1077877  
HST #: 87937 6127 RT0001

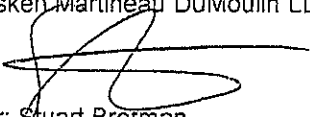
Attention: Clark Lonergan

Matter Number: 300245.00004  
Matter: JSN Jewellery Inc.  
Responsible Professional: Stuart Brotman

For Professional Services rendered through December 31, 2016 as described in the attached memorandum

Total Fees	\$ 25,527.50
Total Disbursements	921.87
Total Taxes	3,414.92
<b>Total Amount Owing This Bill</b>	<b>CAD \$ 29,864.29</b>

Fasken Martineau DuMoulin LLP

  
Per: Stuart Brotman  
E.&O.E.

Terms: payment due upon receipt. Pursuant to the *Solicitors Act*, interest will be charged at the rate of 0.8% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered. Any disbursement not posted to your account on the date of this statement will be billed later.

SCOTIABANK, 20 Queen Street West, 4<sup>th</sup> Floor, Toronto, Ontario, M5H 3R3  
Account Name: Fasken Martineau DuMoulin LLP  
CAD\$ Account No: 476961041614, Transit No. 47696 Bank ID: 002  
SWIFT code: NOSCCATT

Please send a payment notice to [credits@fasken.com](mailto:credits@fasken.com)

Fasken Martineau DuMoulin LLP  
Barristers and Solicitors  
Patent and Trade-mark Agents

+ 1 416 366 8381 General  
+ 1 416 364 7813 Fax  
1 800 268 8424 Toll-free

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P.O. Box 20  
Toronto, Ontario M5H 2T6  
Canada

fasken.com



Richter Advisory Group inc.  
181 Bay Street  
Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3

January 10, 2017  
Invoice #: 1077877  
HST #: 87937 6127 RT0001

Attention: Clark Lonergan

### FEE MEMORANDUM

---

Matter Number: 300245.00004  
Matter: JSN Jewellery Inc.  
Responsible Professional: Stuart Brotman

11/01/2016	E mails to counsel re completion of Sharon Stone settlement. Drafting of Receiver's report re settlement; Aubrey Kauffman	1.10 hrs.	\$ 907.50
11/01/2016	Telephone call with L. Pillon re: UK VAT and Unique transaction; telephone call with J. Wang re: whether refund available; email correspondence with C. Lonergan re: same. Natasha De Cicco	0.40 hrs.	\$ 230.00
11/02/2016	Telephone call with C. Lonergan re: various matters; email to L. Pillon re: UK VAT; email to J. Csostnos re: Suncor. Natasha De Cicco	0.70 hrs.	\$ 402.50
11/03/2016	Reviewing auction agreement, invoice and terms and conditions re: occupation period, risks, etc.; considering same; email to Richter re: same. Natasha De Cicco	1.00 hrs.	\$ 575.00
11/04/2016	Reviewing and revising draft release re: occupation of Jardin Drive premises. Natasha De Cicco	1.30 hrs.	\$ 747.50
11/08/2016	E mails re status of settlement documents and payment; Aubrey Kauffman	0.30 hrs.	\$ 247.50
11/09/2016	Reviewing and commenting on draft Third Report of the Receiver. Natasha De Cicco	2.50 hrs.	\$ 1,437.50



Matter Number: 300245.00004  
 Matter: JSN Jewellery Inc.  
 Responsible Professional: Stuart Brotman

11/09/2016	Reviewing draft report; Exchange of emails with C. Lonergan; Stuart Brotman	0.80 hrs.	\$ 620.00
11/10/2016	Reviewing and revising draft Third Report; telephone call with K. Forbes re: same. Natasha De Cicco	2.30 hrs.	\$ 1,322.50
11/11/2016	Reviewing revised draft Third Report of the Receiver; email correspondence re: same. Natasha De Cicco	1.00 hrs.	\$ 575.00
11/11/2016	Telephone call with C. Lonergan and K. Forbes; Reviewing draft report to court; e-mail to K. Forbes regarding same; Stuart Brotman	1.10 hrs.	\$ 852.50
11/14/2016	Various e mails re settlement of Sharon Stone claim; Aubrey Kauffman	0.40 hrs.	\$ 330.00
11/14/2016	Reviewing and revising draft third report; circulating same to client; telephone call with C. Lonergan and K. Forbes re: same. Natasha De Cicco	1.30 hrs.	\$ 747.50
11/14/2016	Reviewing comments on draft report; Telephone call with C. Lonergan; Instructing D. Chochla regarding scheduling court time; Exchange of emails with A. Kauffman; Stuart Brotman	0.40 hrs.	\$ 310.00
11/16/2016	Email to Unique re: proposal to revise purchase price allocation and payment of VAT. Natasha De Cicco	0.20 hrs.	\$ 115.00
11/17/2016	Follow up e mails re Sharon Stone settlement and transfer of funds and hearing date; Aubrey Kauffman	0.50 hrs.	\$ 412.50
11/17/2016	Drafting notice of motion and order re: motion returnable December 1, 2016; email correspondence from working group re: same; reviewing revised draft report. Natasha De Cicco	1.80 hrs.	\$ 1,035.00
11/17/2016	Reviewing and responding to email from K. Forbes; conference with D. Chochla and N. De Cicco regarding court materials; reviewing and responding to emails with L. Pilon regarding Sharon Stone settlement; Stuart Brotman	0.40 hrs.	\$ 310.00



Matter Number: 300245.00004  
 Matter: JSN Jewellery Inc.  
 Responsible Professional: Stuart Brotman

11/18/2016	Revising draft motion materials re: motion returnable December 1, 2016; email correspondence with S. Brotman and A. Kauffman re: same. Natasha De Cicco	2.00 hrs.	\$ 1,150.00
11/21/2016	E mails with L. Pillon re summary judgment. Telephone call with L. Pillon; Aubrey Kauffman	0.30 hrs.	\$ 247.50
11/21/2016	Office conference with S. Brotman re: draft order for motion returnable December 1, 2016; revising and circulating same to C. Lonergan and K. Forbes. Natasha De Cicco	1.00 hrs.	\$ 575.00
11/21/2016	Reviewing draft distribution order; Conference with N. De Cicco regarding same; Stuart Brotman	0.40 hrs.	\$ 310.00
11/22/2016	Numerous e mails re Sharon Stone settlement. Telephone call with L. Pillon and client; Aubrey Kauffman	0.50 hrs.	\$ 412.50
11/22/2016	Revising draft order re: motion returnable December 1, 2016; email to C. Lonergan and K. Forbes re: same. Natasha De Cicco	0.50 hrs.	\$ 287.50
11/22/2016	Reviewing draft order; Conference with N. De Cicco; Reviewing exchange of emails regarding draft order; Exchange of emails regarding Unique/Sharon Stone settlement; Stuart Brotman	0.50 hrs.	\$ 387.50
11/23/2016	Attendance at court on hearing re Sharon Stone settlement. Reporting to client. Revising court material re summary judgment on settlement; Aubrey Kauffman	3.00 hrs.	\$ 2,475.00
11/23/2016	Revising motion record and report re: Sharon Stone settlement and other matters. Natasha De Cicco	2.00 hrs.	\$ 1,150.00
11/23/2016	Conference with A. Kauffman regarding hearing; Stuart Brotman	0.20 hrs.	\$ 155.00
11/24/2016	Review of e mails re transfer of settlement funds; Aubrey Kauffman	0.10 hrs.	\$ 82.50

Matter Number: 300245.00004  
Matter: JSN Jewellery Inc.  
Responsible Professional: Stuart Brotman

Page 5  
Invoice #: 1077877

11/24/2016	Revising motion record returnable December 1, 2016; telephone call and email exchange with C. Lonergan and K. Forbes re: same. Natasha De Cicco	1.50 hrs.	\$ 862.50
11/24/2016	Reviewing revisions to report; Exchange of emails with K. Forbes regarding information for motion; Stuart Brotman	0.30 hrs.	\$ 232.50
11/25/2016	E mails re settlement payment; Aubrey Kauffman	0.20 hrs.	\$ 165.00
11/25/2016	Finalizing motion record returnable December 1, 2016 and arranging for service. Natasha De Cicco	2.50 hrs.	\$ 1,437.50
11/25/2016	Reviewing emails regarding revisions to report; Reviewing draft order; Reviewing draft fee affidavit; Conferences with N. De Cicco regarding finalizing materials and service; Stuart Brotman	0.70 hrs.	\$ 542.50
11/28/2016	Considering request to specify amount for transfer taxes in order; reviewing file and email to client re: same. Natasha De Cicco	0.40 hrs.	\$ 230.00
11/29/2016	Review of e mails re payment of settlement funds; Aubrey Kauffman	0.30 hrs.	\$ 247.50
11/30/2016	Call with S. Brotman re Sharon Stone motion dismissal motion Aubrey Kauffman	0.30 hrs.	\$ 247.50
11/30/2016	Attending to various matters re: motion returnable December 1, 2016; email correspondence with L. Pillon re: form of order. Natasha De Cicco	0.70 hrs.	\$ 402.50
11/30/2016	Conference with A. Kauffman regarding status of settlement; Reviewing court materials in preparation for hearing; conference with N. De Cicco regarding same; Stuart Brotman	0.70 hrs.	\$ 542.50
12/01/2016	Attending court re: motion returnable December 1, 2016; email correspondence re: UK IP certificate. Natasha De Cicco	1.50 hrs.	\$ 862.50

Matter Number: 300245.00004  
Matter: JSN Jewellery Inc.  
Responsible Professional: Stuart Brotman

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Invoice #: 1077877

12/02/2016	Preparation for and attendance at court hearing; email to client and other parties enclosing entered order; Stuart Brotman	1.20 hrs.	\$ 930.00
12/13/2016	Email correspondence with C. Lonergan re: Sharon Stone terms of settlement; reading email exchange between Receiver and National Leasing. Natasha De Cicco	0.30 hrs.	\$ 172.50
12/14/2016	E mail to client re settlement agreement: Aubrey Kauffman	0.20 hrs.	\$ 165.00
12/14/2016	Conference with A. Kauffman regarding settlement document; Stuart Brotman	0.10 hrs.	\$ 77.50

Matter Number: 300245.00004  
Matter: JSN Jewellery Inc.  
Responsible Professional: Stuart Brotman

Page 7  
Invoice #: 1077877

Professional Summary

<u>Professional</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Fees</u>
Stuart Brotman	Partner	775.00	6.80	5,270.00
Aubrey Kauffman	Partner	825.00	7.20	5,940.00
Natasha De Cicco	Counsel	575.00	24.90	14,317.50
	Total		38.90	CAD \$ 25,527.50

Matter Number: 300245.00004  
 Matter: JSN Jewellery Inc.  
 Responsible Professional: Stuart Brotman

<b>Our Fees</b>	<b>\$ 25,527.50</b>
HST	3,318.58
<b>Total Fees Including Taxes</b>	<b><u>\$ 28,846.08</u></b>

**Disbursements**

Non-Taxable

11/18/16	Court Cost Fee - Payable to: MINISTER OF FINANCE filing motion record of the Receiver Re: Interim Distribution and Designs Escrow Distribution returnable December 1, 2016	160.00
11/18/16	Court Cost Fee - Payable to: MINISTER OF FINANCE filing motion record of the Receiver Re: returnable December 1, 2016. 18/11/16	160.00
11/18/16	Reversal from Void Check Number: 1072448 Bank ID: 04BNSCAD Voucher ID: 2047053 Vendor: MINISTER OF FINANCE	-160.00
12/22/16	Delivery/Courier Expense - Payable to: DHL EXPRESS (CANADA) LTD. Express WWide NNONDOC Inv#YHM0001083163 24/11/16	21.36

Taxable

11/01/16	Lasercopy	0.50
11/01/16	Lasercopy	2.50
11/03/16	Lasercopy	5.75
11/04/16	Lasercopy	9.50
11/04/16	Lasercopy	2.00
11/08/16	Lasercopy	5.00
11/10/16	Lasercopy	5.00
11/10/16	Lasercopy	5.25
11/11/16	Lasercopy	4.50
11/15/16	Lasercopy	1.75
11/17/16	Lasercopy	7.25
11/18/16	Lasercopy	14.75
11/18/16	Lasercopy	2.75
11/22/16	Lasercopy	1.50
11/22/16	Lasercopy	5.75
11/22/16	Lasercopy	1.00
11/23/16	Lasercopy	5.00

Matter Number: 300245.00004  
 Matter: JSN Jewellery Inc.  
 Responsible Professional: Stuart Brotman

Page 9  
 Invoice #: 1077877

11/23/16	Lasercopy	5.75
11/23/16	Lasercopy	7.50
11/24/16	Lasercopy	6.00
11/24/16	Lasercopy	7.75
11/24/16	Lasercopy	5.50
11/25/16	Lasercopy	6.00
11/25/16	Lasercopy	3.50
11/25/16	Lasercopy	45.50
11/25/16	Photocopies Photocopies Natasha De Cicco copies	291.00
11/27/16	Lasercopy	13.25
11/28/16	Lasercopy	1.25
11/30/16	Lasercopy	28.50
11/30/16	Fax Fax Stuart Brotman Pages 8 Tel: 19057388283	3.00
12/01/16	Lasercopy	51.50
12/02/16	Lasercopy	0.50
12/07/16	Lasercopy	0.50
12/12/16	Lasercopy	0.25
12/13/16	Process Server Fee - Payable to: RELIABLE	65.00
12/13/16	Process Server Fee - Payable to: RELIABLE	65.00
12/19/16	Delivery/Courier Expense - Payable to:	21.39
12/19/16	Delivery/Courier Expense - Payable to:	15.75
12/21/16	Local Transportation - Payable to: KRAMER, KAI	15.87
12/22/16	Lasercopy	0.50
Total Disbursements		921.87
HST		96.34
Total Disbursements Including Taxes		1,018.21
<b>Total Fees, Disbursements and Taxes</b>		<b><u>CAD \$ 29,864.29</u></b>

**Tax Summary**

HST	3,414.92
Total Taxes Included in This Bill	<u>3,414.92</u>



Fasken Martineau DuMoulin LLP  
Barristers and Solicitors  
Patent and Trade-mark Agents  
  
Bay Adelaide Centre  
333 Bay Street, Suite 2400  
P.O. Box 20  
Toronto, Ontario M5H 2T6  
Canada

+ 1 416 366 8381 General  
+ 1 416 364 7813 Fax  
1 800 268 8424 Toll-free  
  
fasken.com



Richter Advisory Group Inc.  
181 Bay Street  
Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3

April 12, 2017  
Invoice #: 1104777  
HST #: 87937 6127 RT0001

Attention: Clark Lonergan

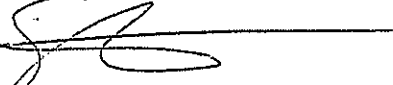
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Matter Number: 300245.00004  
Matter: JSN Jewellery Inc.  
Responsible Professional: Stuart Brotman

For Professional Services rendered through April 10, 2017 as described in the attached memorandum

Total Fees	\$ 2,044.50
Total Disbursements	17.75
Total Taxes	268.10
Total Amount Owing This Bill	<u>CAD \$ 2,330.35</u>

Fasken Martineau DuMoulin LLP

  
Per: Stuart Brotman  
E.&O.E.

Terms: payment due upon receipt. Pursuant to the *Solicitors Act*, interest will be charged at the rate of 0.8% per annum on unpaid fees, charges or disbursements calculated from a date that is one month after this statement is delivered. Any disbursement not posted to your account on the date of this statement will be billed later.

SCOTIABANK, 20 Queen Street West, 4<sup>th</sup> Floor, Toronto, Ontario, M5H 3R3  
Account Name: Fasken Martineau DuMoulin LLP  
CAD\$ Account No: 476961041614, Transit No. 47696 Bank ID: 002  
SWIFT code: NOSCCATT

Please send a payment notice to [credits@fasken.com](mailto:credits@fasken.com)



Fasken Martineau DuMoulin LLP  
Barristers and Solicitors  
Patent and Trade-mark Agents  
  
Bay Adelaide Centre  
333 Bay Street, Suite 2400  
P.O. Box 20  
Toronto, Ontario M5H 2T6  
Canada

+ 1 416 366 8381 General  
+ 1 416 364 7813 Fax  
1 800 268 8424 Toll-free  
  
fasken.com



Richter Advisory Group Inc.  
181 Bay Street  
Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3

April 12, 2017  
Invoice #: 1104777  
HST #: 87937 6127 RT0001

Attention: Clark Lonergan

### FEE MEMORANDUM

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**Matter Number: 300245.00004**  
**Matter: JSN Jewellery Inc.**  
**Responsible Professional: Stuart Brotman**

01/20/2017	Telephone call with C. Lonergan; Stuart Brotman	0.20 hrs.	\$ 165.00
03/24/2017	Corresponding with court scheduling office re: availability for hearing; corresponding with counsel re: same. Dylan Chochla	0.10 hrs.	\$ 46.50
03/24/2017	Telephone call with C. Lonergan and K. Forbes; Instructing D. Chochla regarding scheduling court hearing; Reviewing e-mail from client to K. Rosenstein; Exchange of emails regarding court hearing; Stuart Brotman	0.40 hrs.	\$ 330.00
03/27/2017	Email to client re: availability for hearing to discharge receiver; instructions to I. Artuso re: drafting hearing request form. Dylan Chochla	0.10 hrs.	\$ 46.50
03/27/2017	Reviewing exchange of emails with K. Rosenstein and C. Lonergan; Stuart Brotman	0.10 hrs.	\$ 82.50
03/28/2017	Attending to scheduling hearing to discharge receiver. Dylan Chochla	0.10 hrs.	\$ 46.50
04/10/2017	Reviewing, commenting on and revising draft Fourth Report of the Receiver; circulating same to client. Natasha De Cicco	1:20 hrs.	\$ 750.00



**Matter Number: 300245.00004**  
**Matter: JSN Jewellery Inc.**  
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Invoice #: 1104777

04/10/2017	Reviewing and revising draft report; Conference with N. De Cicco regarding same; Exchange of emails with C. Lonergan; Stuart Brotman	0.70 hrs.	\$ 577.50
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Matter Number: 300245.00004  
Matter: JSN Jewellery Inc.  
Responsible Professional: Stuart Brotman

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Invoice #: 1104777

Professional Summary

<u>Professional</u>	<u>Title</u>	<u>Rate</u>	<u>Hours</u>	<u>Fees</u>
Stuart Brotman	Partner	825.00	1.40	1,155.00
Dylan Chochla	Associate	465.00	0.30	139.50
Natasha De Cicco	Counsel	625.00	1.20	750.00
	Total		<u>2.90</u>	<u>CAD \$ 2,044.50</u>

Matter Number: 300245.00004  
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Invoice #: 1104777

Our Fees		\$ 2,044.50
HST		265.79
Total Fees Including Taxes		<u>\$ 2,310.29</u>
<b>Disbursements</b>		
<u>Taxable</u>		
11/28/16	Delivery/Courier Expense UM - HER MAJESTY THE	2.00
11/28/16	Delivery/Courier Expense UM - PACE SAVINGS &	11.00
03/28/17	Lasercopy	0.75
04/10/17	Lasercopy	4.00
Total Disbursements		<u>17.75</u>
HST		2.31
Total Disbursements Including Taxes		<u>20.06</u>
Total Fees, Disbursements and Taxes		<u><b>CAD \$ 2,330.35</b></u>

**Tax Summary**

HST	<u>268.10</u>
Total Taxes Included in This Bill	<u>268.10</u>

**SALUS CAPITAL PARTNERS, LLC**  
Applicant

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

- and -

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced in Toronto**

**AFFIDAVIT OF STUART BROTMAN**

**FASKEN MARTINEAU DUMOULIN LLP**

Barristers and Solicitors  
333 Bay Street, Suite 2400  
Bay Adelaide Centre, Box 20  
Toronto, ON M5H 2T6

**Stuart Brotman (LSUC# 43430D)**

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dchochla@fasken.com

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

**SALUS CAPITAL PARTNERS, LLC**

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

- and -

Applicant

Respondents

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**Proceedings commenced in Toronto**

**MOTION RECORD OF RICHTER ADVISORY  
GROUP INC., IN ITS CAPACITY AS THE  
COURT-APPOINTED RECEIVER  
(Re: Distribution and Termination of  
Receivership)**

**FASKEN MARTINEAU DUMOULIN LLP**

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**Dylan Chochla (LSUC# 62137I)**

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dchochla@fasken.com

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