

**SUPERIOR COURT
(Commercial Division)**

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTRÉAL

NO: 500-11-039827-106



DATE: ³November 3, 2010

IN THE PRESENCE OF Me Pierre Pellerin, registraire, REGISTRAR

IN THE MATTER OF THE RECEIVERSHIP OF:

PATELLA MANUFACTURING INC.

Debtor/Respondent

-and-

HSBC BANK CANADA

Petitioner

-and-

RSM RICHTER INC.

Receiver

ORDER APPOINTING A RECEIVER

CONSIDERING the Petitioner's Motion for the Appointment of a Receiver, the Affidavit and the exhibits in support thereof and the consent of Debtor/Respondent;

FOR THESE REASONS, THE COURT:


- [1] **GRANTS** HSBC Bank Canada's (the "**Petitioner**") Motion for the Appointment of a Receiver (the "**Motion**");
- [2] **APPOINTS** RSM Richter Inc., through its representative, Mr. Philip Manel, CA, CPA, to act as receiver (the "**Receiver**") of the assets of Patella Manufacturing Inc (the "**Debtor**"), until the occurrence of any of the following events:
 - (a) all of the Debtor's assets are sold, liquidated or realized upon; or
 - (b) any other Order rendered by this Honourable Court;
- [3] **GRANTS** to the Receiver the right, but not the obligation, to exercise the following powers over the Debtor which, at the Receiver's discretion, may be utilized:
 - (a) all the necessary powers to collect all the accounts receivables of the Debtor;
 - (b) all the powers necessary to the control of the receipts and disbursements of the Debtor;
 - (c) all the powers and discretion necessary to proceed, in the ordinary course of business, to the sale of the Debtor's inventory in accordance with the conditions that it, in its sole opinion, shall consider appropriate without further Order of this Court;
 - (d) all the powers necessary to continue the business and the operations of the Debtor, but only if it wishes, and with no obligation to do so;
 - (e) all the powers to sign and issue cheques on behalf of the Debtor;
 - (f) all the powers necessary to protect the interests of the Petitioner;
 - (g) all the powers necessary to take safeguard measures in order to prevent that the Debtor squander its assets and/or erode the value of the security of the Petitioner;
 - (h) any other power necessary to the taking of safeguard measures regarding all of Debtor's assets and operations;
 - (i) open any required bank account, according to terms and conditions that it will, in its sole discretion, consider appropriate, with any Canadian chartered bank, including the Petitioner's, any bank operating in the United States or any other acceptable financial institution, in order to cash in any sum payable to Debtor, or to its benefit, and make any payment that, in its opinion, is necessary, to Petitioner or to the fulfilling of the Receiver's duties;
 - (j) contract any loan or other form of credit in order to allow the continuation of Debtor's operations, and any such debt or loan will be ranked in preference and priority to any other existing guarantee or security, of any nature whatsoever, and will be paid in preference and priority by the Receiver;

- [4] **AUTHORIZES** the Receiver to conduct and supervise a sale process of the Debtor;
- [5] **AUTHORIZES** the Receiver to solicit, through private or public call for tenders or through any other means, bids regarding the Debtor;
- [6] **DECLARES** that the Receiver has all the powers necessary, required or appropriate in order to:
 - (a) solicit bids for the Debtor and, more generally, to manage the call for tenders process or any other sale process;
 - (b) determine the means to contact potential buyers, through private mailings, publication in newspapers or otherwise, and proceed accordingly;
 - (c) determine the means of commercializing the Debtor, and/or, amongst others, the groups of assets or the grouping of assets of the Debtor;
 - (d) allow any potential buyer or any person having demonstrated or demonstrating an interest in the Debtor to proceed to a due diligence or to any other analysis of Debtor; and
 - (e) conclude any agreement, of any nature whatsoever, with any person, in order to receive bids regarding the Debtor either collectively or individually;
- [7] **DECLARES** that:
 - (a) the Receiver shall be entitled to institute appropriate proceedings, as the case may be and retain the services of legal advisors for the purposes of these proceedings or for any other need. Moreover, such Receiver shall be entitled to file any motion for directions within the meaning of section 34 of the Bankruptcy and Insolvency Act as if it were a trustee and if necessary, to execute document to place the Debtor into bankruptcy or to file a Notice of intention to make a proposal; and
 - (b) in addition to the foregoing, the Receiver shall not be liable for any debt that came into existence prior to the service of the present Order;
- [8] **DECLARES** that:
 - (a) the Receiver shall not be considered the employer, for all intents and purposes, and shall not incur any liability whatsoever regarding third parties, the Receiver acting for and on behalf of Debtor, among others, as if it were a taking of possession for purposes of administration within the meaning of articles 2773 of the Civil Code of Quebec and seq., or a sale by the creditor within the meaning of article 2786 Civil Code of Quebec;
 - (b) the Receiver will not be considered as operating or continuing the enterprise of Debtor, for any purposes whatsoever;

- (c) the Receiver shall not incur any liability whatsoever regarding third parties for any act done under the present Order;
 - (d) all the powers, obligations and duties of the Receiver shall be exercised in its sole discretion and according to its judgment; and
 - (e) the Receiver shall benefit from the protection of sections 14.06 of the Bankruptcy and Insolvency Act and more particularly the Receiver shall not, as a result of the present Order or anything done in pursuance of the Receiver's duties and powers under the present Order, be deemed to be in possession of any of the property of the Petitioner within the meaning of any federal, provincial or other legislation, statute, regulation or rule of law or equity respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination and regulations thereunder;
- [9] **ORDERS** the Debtor and its representatives and employees to surrender all of their assets, of any nature whatsoever, to the Receiver upon service of the present Order;
- [10] **ORDER** the Debtor to collaborate and cooperate with the Receiver and to grant access to and to surrender to the Receiver all of its accounting records, books and other accounting or financial documents of any nature whatsoever, notwithstanding their medium;
- [11] **ORDER** the Debtor's employees and representatives to surrender to the Receiver all of their respective accounting records, books and other accounting or financial documents of any nature whatsoever, notwithstanding their medium;
- [12] **AUTHORIZES** the Receiver to retain the services of any person or enterprise in order to effectively fulfill its duties and to delegate whenever suitable to the Receiver, such powers to any person or enterprise and appoint any agent or other representative;
- [13] **AUTHORIZES** the Receiver to pay out any advance regarding its fees and disbursements, with the agreement of the Petitioner without awaiting taxation thereof;
- [14] **EXEMPTS** the Petitioner from serving any prior notice for the presentation of the Motion;
- [15] **ORDERS** that these proceedings shall have full force and effect in all of the provinces and territories in Canada;
- [16] **DECLARES** that this Court seeks and requests the aid and recognition of any Court or administrative body in any province of Canada, and any Canadian Federal Court or administrative body as well as any Court or administrative body in any of the States of the United States of America and any Federal Court or administrative body of the United States of America, to assist the Petitioner and the Receiver to carry out the terms of this order;
- [17] **DECLARES** that the Receiver, with the prior consent of the Petitioner, shall be authorized to apply as it may consider necessary or desirable, with prior written notice

provided to the Debtor at least two (2) business day before any hearing resulting therefrom, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and any subsequent orders of this Court and, without limitation to the foregoing, an order under Chapter 15 of the *U.S. Bankruptcy Code*, for which the Receiver shall be the foreign representative of the Petitioner. All courts and administrative bodies of all such jurisdictions are hereby respectively requested to make such orders and to provide such assistance to the Receiver as may be deemed necessary or appropriate for that purpose.

- [18] **ORDERS** that the judgment to come be executory, notwithstanding appeal and without any need to give security;
- [19] **ALLOWS**, as the case may be, a shorter time for presentation;
- [20] **THE WHOLE**, with ~~costs~~ *with costs*



■, Registrar