

Court File No. CV-17-11864-00CL

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

**APPLICATION UNDER section 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**

BETWEEN:

STRELLSON AG

Applicant

-and-

STRELLMAX LTD.

Respondent

**CROSS-MOTION RECORD
OF ACCORD FINANCIAL LTD.**

Dated: October 27, 2017

**JULIAN HELLER AND ASSOCIATES
Lawyer
120 Adelaide Street West
Suite 2501
Toronto, Ontario
M5H 1T1**

**Julian Heller
LSUC#25377P
Tel: 416-364-2404/Fax: 416-364-0793
Email: jheller@julianheller.com**

Lawyers for Accord Financial Ltd.

TO: The Attached Service List.

SERVICE LIST

TO: GOWLING WLG (CANADA) LLP
1 First Canadian Place
Suite 1600, 100 King Street West
Toronto, Ontario, M5X 1G5

Attention: David F.W. Cohen
Tel: 416-369-6667/Fax: 416-862-7661
Email: david.cohen@gowlingwlg.com

Attention: Frank D. Lamie
Tel: 416-862-3609/Fax: 416-862-7661
Email: frank.lamie@gowlingwlg.com

Attention: Thomas Gertner
Tel: 416-369-4618/Fax: 416-862-7661
Email: Thomas.gertner@gowlingwlg.com

Lawyers for Strellson AG

TO: AIRD & BERLIS LLP
Brookfield Place, 181 Bay Street, Suite 1800
Toronto, Ontario, M5J 2T9

Attention: Steven L. Graff
Tel: 416-865-7726/Fax: 416-863-1515
Email: sgraff@airdberlis.com

Litigation Lawyers for Strellmax Ltd.

TO: WISEBROD/ZELIGER ASSOCIATES
245 Fairview Mall Drive, Suite 510
Toronto, Ontario, M2J 4T1

Attention: Spencer Heath
Tel: 416-496-2600 Ext 204/Fax: 416-496-1708
Email: sh@wza.ca

Attention: Avi Wisebrod
Tel: 416-496-2600 Ext 201/Fax: 416-496-1708
Email: awisebrod@wza.ca

Corporate Lawyers for Strellmax Ltd.

TO: RICHTER ADVISORY SERVICES INC.
181 Bay Street, Suite 3320, Bay Wellington Tower
Toronto, Ontario, M5J 2T3

Attention: Paul Van Eyk
Tel: 416-485-4592/Fax: 416-488-3765
Email: pvaneyk@richter.ca

Attention: Katherine Forbes
Tel: 416-785-1151/Fax: 416-488-3765
Email: kforbes@richter.ca

The Proposed Receiver of Strellmax Ltd.

TO: WEIRFOULDS LLP
TD Bank Tower, 66 Wellington Street West, Suite 4100
Toronto, Ontario, M5K 1B7

Attention: Edmond R.B. Lamek
Tel: 416-367-6311/Fax: 416-365-1876
Email: elamek@weirfoulds.com

Attention: Danny M. Nunes
Tel: 416-619-6293/Fax: 416-365-1876
Email: dnunes@weirfoulds.com

Lawyers for Richter Advisory Services Inc. in its capacity as the Proposed Receiver of Strellmax Ltd.

TO: FASKEN MARTINEAU
Bay Adelaide Centre, 333 Bay Street, Suite 2400
P.O. Box 20, Toronto, Ontario, M5H 2T6

Attention: Stuart Brotman
Tel: 416-865-5419/Fax: 416-364-7813
Email: sbrotman@fasken.com

Attention: Dylan Chochla
Tel: 416-868-3425/Fax: 416-364-7813
Email: dchochla@fasken.com

Lawyers for Rodair International Ltd.

TO: THORNTON GROUT FINNIGAN LLP
100 Wellington Street West, Suite 3200
P.O. Box 329, Toronto-Dominion Centre
Toronto, Ontario, M5K 1K7

Attention: Rachel Bengino
Tel: 416-304-1153/Fax: 416-304-1313
Email: rbengino@tgf.ca

Attention: Rebecca Kennedy
Tel: 316-304-0603/Fax: 416-304-1313
Email: rkennedy@tgf.ca

Lawyers for the Toronto-Dominion Bank

TO: ADAMRAY INVESTMENTS
3725 Chesswood Drive,
Toronto, Ontario, M3J 2P6

Attention: Mark Allow
Email: m.allow@strellson.ca

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

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TAB 1

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

APPLICATION UNDER section 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

BETWEEN:

STRELLSON AG

Applicant

-and-

STRELLMAX LTD.

Respondent

NOTICE OF CROSS-MOTION

ACCORD FINANCIAL LTD. ("Accord") will make a cross-motion before a Judge of the Ontario Superior Court of Justice (Commercial List) on Tuesday, November 7, 2017 or a date to be scheduled by the court at 10:00 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

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

THE CROSS-MOTION IS FOR AN ORDER:

1. Allowing Accord to set-off the amount payable to Strellson AG, due under a Letter of Credit dated March 1, 2016, if any, against any amount otherwise payable to Richter Advisory Group Inc. ("Richter") in its capacity as Receiver of Strellmax Ltd. ("Strellmax").
2. Allowing Accord to set-off the amount of its legal expenses against any amounts otherwise payable to Richter.

3. Directing that the amount of \$500,000.00, being the amount currently held by Accord in its general mixed operating bank account at TD Bank on account of the competing claims to that fund by Richter and by Strellson AG, be held in a segregated account at TD Bank pending further order of this court.

4. Directing that the information requested in a letter dated August 18, 2017 from counsel for Accord to counsel for Strellson AG be provided on or before December 7, 2017.

5. Directing that the determination of the rights of the parties be by the following procedure:

(a) A hearing of a mini trial or motion to decide the issues relating to the competing claims of the Receiver Richter, and Strellson AG under the Letter of Credit, with production of documents and cross-examinations and Rule 39 examinations taking place according to a timetable to be approved by the court.

(b) A hearing of any claim by Accord for indemnity or other claim against Mark Altow or Adamray Investments Ltd. is to be scheduled either for a hearing to be held pursuant to paragraph (a) above or on a timetable to be set following that hearing.

(c) A trial of an issue relating to any rights of Strellson AG pursuant to the Letter of Credit after determination of the foregoing issues.

6. Such further and other relief as counsel may advise and this Honourable Court may permit.

THE GROUNDS FOR THE MOTION ARE:

1. The agreement between Accord and Strellmax provides Accord with a right of set-off against Strellmax for any amount payable under the Letter of Credit in favour of Strellson AG.

2. There are competing claims to the fund of \$500,000.00 held by Accord, by the Receiver Richter and Strellson AG.

3. Accord has legal and equitable set-off rights against the Receiver Richter, in addition to Accord's contractual rights of set-off.
4. Accord should be obliged to pay the amount held by it only once and not twice. Moreover, Strellson AG has purchased the debt to TD Bank, and has appointed the Receiver Richter, so Strellson is making the same claim twice.
5. Accord is entitled to set-off its legal expenses against any amounts payable to the Receiver Richter.
6. The creation of a newco Strellson North America Ltd. owned 75% by Strellson AG and 25% by Mark Allow/Adamray Investments Ltd., is in breach of Allow's and Adamray's obligations to subordinate and assign their secured loan to Strellmax in favour of Accord, and to indemnify Accord for any amounts Accord may be called upon to pay under the Letter of Credit.
7. These issues need to be determined before, and separate from, any determination as to whether Strellson AG is entitled to make demand and obtain payment from Accord under the Letter of Credit. Such issue may be determined, if necessary, following the determination of the issues aforesaid.
8. The manner in which the Receiver, Strellmax, and Strellson AG have proceeded was designed to take advantage of Accord and defeat its legitimate protection.
9. It would be unjust to allow the Receiver appointed by Strellson AG, and Strellson AG directly, to both recover \$500,000.00 when such fund is only payable once.
10. Rules 43 of the *Rules of Civil Procedure*. (Interpleader)
11. Sections 96 and 111 of the *Courts of Justice Act*. (Set-off)
12. Sections 97(3) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3.

13. Section 73 of the *Winding-up and Restructuring Act*, R.S.C. 1985, c.W-11
14. Section 18.1 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36.
15. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. Affidavit of Jim Bates.
2. Such further and other evidence as counsel may advise and this Honourable Court permit.

Date: October 27, 2017

JULIAN HELLER AND ASSOCIATES
Lawyers
120 Adelaide Street West
Suite 2501
Toronto, Ontario
M5H 1T1

Julian Heller
LSUC # 25377P
Phone: (416) 364-2404
Fax: (416) 364-0793
Lawyer for Accord Financial Ltd.

STRELLSON AG
Applicant

and

STRELLMAX LTD.
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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

NOTICE OF MOTION

JULIAN HELLER AND ASSOCIATES
Lawyers
120 Adelaide Street West
Suite 2501
Toronto, Ontario
M5H 1T1

Julian Heller (LSUC#25377P)
Tel (416) 364-2404
Fax (416) 364-0793
Email: jheller@julianheller.com

Lawyers for Accord Financial

000005

TAB 2

Court File No. CV-17-11864-00CL

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

**APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,
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BETWEEN:

STRELLSON AG

Applicant

-and-

STRELLMAX LTD.

Respondent

AFFIDAVIT OF JIM BATES

**I, Jim Bates, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY
AS FOLLOWS:**

- 1. I am the President of Accord Financial Ltd. ("Accord") and as such have knowledge of the matters hereinafter deposed to.**
- 2. Accord is a wholly-owned subsidiary of a publicly traded financial services company operating across Canada and in the United States. Its head office is in Toronto and with its parent company has approximately 100 employees in total at all locations.**
- 3. Accord provides factoring and other credit facilitation services to businesses of varying sizes.**

History of Relationship with Strellmax Ltd.

4. On June 1, 2010, Accord entered into a Factoring Agreement with Strellmax Ltd. ("Strellmax") pursuant to which Accord provided a credit guarantee of Strellmax's customers, and assumed the risk, to specified limits, of any customers "financial inability to pay" for goods received from Strellmax.

5. In return, Strellmax turned over all sales to customers to Accord and all payments were to be received by Accord.

6. Accord was entitled to a factoring commission of 1.25% of gross sales. Attached hereto and marked as Exhibit "A" is the Factoring Agreement dated June 1, 2010.

7. As part of the operation of this agreement, all customers of Strellmax were irrevocably directed to pay the Strellmax invoices to Accord's account. The sums received were deposited into Accord's general mixed operating bank account at TD Bank. Periodically, as required, remittances from Accord's general mixed operating account were transferred by electronic fund transfer to a designated account of Strellmax with TD Bank.

Strellson AG

8. Strellson AG is a Swiss manufacturer of high-end men's clothing.

9. Strellmax was the distributor for Strellson AG in Canada and the United States, and also owned a retail channel consisting of approximately 5 locations in Canada.

10. It was Accord's understanding that Strellson AG granted Strellmax a licence for the distribution and sale of Strellson AG products, but that there was no other business or corporate relationship between Strellmax and Strellson AG.

11. In early 2016, Strellmax and Strellson AG approached Accord to request that Accord provide a letter of credit to support Strellmax, which Strellson AG could look to for payment in the event of default by Strellmax in its payments to Strellson AG.

12. By agreement dated March 1, 2016, Strellmax and Accord agreed that as part of the agreement to provide a letter of credit to Strellson AG, Strellmax agreed:

- (a) To immediately repay Accord the entire amount of \$500,000.00 in the event of a draw by Strellson AG on the letter of credit.
- (b) To pay interest on the repayment at prime plus 7.5% (and not less than 10%).
- (c) Not to obtain any additional financing, or take on additional debt other than as may be agreed by Accord and which debt was to be subordinated to Accord's rights.
- (d) To pay all costs arising from any breach or non-compliance which was to be charged to Strellmax's account as incurred by Accord.

13. As a further component of the agreement to provide the letter of credit, Mark Allow ("Allow"), the president and major or only shareholder of Strellmax, agreed along with his holding company Adamray Investments Ltd. ("Adamray") to subordinate and assign to Accord the rights which Allow and Adamray had arising from the indebtedness of Strellmax to Allow and Adamray in the amount of \$1,150,000.00. Attached hereto and marked as Exhibit "B" is the agreement between Accord and Strellmax, the Subordination and Assignment Agreement with Mark Allow, and the Subordination and Assignment Agreement with Adamray dated March 1, 2016.

14. The letter of credit was issued in reliance on the foregoing, and the understanding that Strellmax and Strellson AG would continue to operate as independent entities in good faith, in the ordinary course of their business relationship.

15. All parties, Accord, Strellmax, Strellson AG, Altow and Adamray were in full communication regarding the various aspects of the deal as far as Accord was concerned. Given what has now transpired, however, Accord has grave concerns about the manner in which all the other parties may have acted in not disclosing the full details of their plans to the detriment of Accord. Attached hereto and marked as **Exhibit "C"** is the Letter of Credit dated March 1, 2016.

Set-off Rights

16. In making Strellmax responsible to repay immediately the full \$500,000.00 plus all costs in the event of a draw in any amount by Strellson AG, it was clear to all that Accord was not putting itself on risk to Strellson AG without full recourse from Strellmax, including its shareholders Altow and Adamray.

17. By virtue of the fact that all accounts receivables from customers to Strellmax would flow through Accord's bank accounts, it was also clear to all parties that the repayment obligation from Strellmax was enforceable by Accord by recourse to that flow of funds.

18. Further, one of the reasons for Strellson AG to obtain the letter of credit in the first place was to enable it to obtain the \$500,000.00 from that pool of funds, before it reached Strellmax in the event that Strellmax was not paying Strellson AG.

19. The net effect of this arrangement was that Accord was not to be "out" the \$500,000.00, and could, in essence, divert the flow of funds from the accounts receivables being collected by Accord in order to then satisfy the Letter of Credit as required in favour of Strellson AG.

20. The demand now made by the Receiver, standing in the shoes of Strellmax, for the \$500,000.00 being held by Accord, plus \$50,000.00 on account of legal costs, while Strellson AG also makes demand for the \$500,000.00 under the Letter of Credit, subverts the original intention of the agreement. It is an unwarranted attempt to try to cause Accord to pay the \$500,000.00 twice, when the clear understanding amongst all the parties and the arrangement was, to have Accord only liable to pay this amount once.

21. The constellation of parties and their relationship to each other, and the flow of funds and the demands being made is set out in the diagram attached hereto and marked as Exhibit "D".

22. Accord claims that it is entitled to set off the \$500,000.00 demanded under the Letter of Credit plus costs incurred, against any claim by the Receiver. This is based on the contract between the parties, or in the alternative, on the doctrine of legal or equitable set off.

Pre-Receivership conduct and dealings between Strellmax and Strellson AG

23. From approximately mid-2016 to the summer of 2017, there were ongoing discussions between Strellmax and Strellson AG, and involving the TD Bank as Strellmax's lender, and Accord.

24. Accord received repeated assurances from all other parties that Strellmax was in satisfactory financial shape, Strellson AG would continue to support Strellmax, and that arrangements would be made to protect everyone's interests, including Accord's.

25. In reliance on that, Accord did not terminate the Letter of Credit pursuant to its terms prior to 60 days before March 1, 2017, as set out in paragraph 2 of the Letter of Credit.(60 days prior being December 30, 2016.)

26. Unbeknownst to Accord, by December 30, 2016 Strellmax had reached crisis conditions and had no prospect of being able to survive. This was known to Strellson AG, who, nonetheless, continued to ship goods to Strellmax without any reasonable prospect of being paid for such goods.

27. Strellson AG decided to continue to ship to Strellmax in order to protect Strellson AG's brand in North America, and as Strellson AG had granted Strellmax the licence to market the Strellson AG brand of goods, Strellson AG knew it had ultimate control over Strellmax's fate.

28. As the negotiations and discussions between Strellson AG and Strellmax and the TD Bank continued in order to determine the most advantageous way of those 3 parties dealing with the precarious financial situation of Strellmax, Accord was left in the dark.

29. In essence, Strellson AG kept shipping into a "black hole" with no reasonable prospect of being repaid by Strellmax, and then Strellson AG hoped to take advantage of the Letter of Credit issued by Accord. By increasing the unpaid shipments to Strellmax, Strellson AG and Strellmax caused Strellmax to breach its obligations under the Letter of Credit and accompanying agreement of March 1, 2016, not to increase Strellmax's debt levels without Accord's agreement. The Letter of Credit is marked above as Exhibit "C", and the accompanying agreement is marked above as Exhibit "B".

Post Receivership Conduct

30. Following the receivership order on July 7, 2017, Accord has learned from a combination of direct discussions between myself and Mark Altow, and discussions between my counsel and Strellson AG's counsel, and the Receiver's report, that:

- (a) Strellson AG terminated the licence to Strellmax before the receivership;
- (b) As a result, no other buyer could reasonably afford to pay the value of Strellmax. Strellmax's only business was to distribute and sell the Strellson AG line of products;
- (c) Strellson AG had purchased the TD debt in order to "step in the shoes" of TD to appoint a Receiver;
- (d) Strellmax and Strellson AG, and Strellmax's principal Altow and his holding company Adamray, agreed to establish a newco called Strellson North America Ltd. ("Strellson North America") in which Altow or a related company, would hold a 25% interest, and Altow continue as CEO of the newco.

(e) Although newco was originally slated to be only to carry on the distribution/wholesale business, in fact it is now seeking to be able to purchase and carry on Strellmax's retail operations after completion of the liquidation of the retail assets. As part of that, the Receiver now seeks permission to sell the IT and system software to Strellson North America, and as these assets are only of use to Strellson AG, the prices being put forward are artificially low.

(f) Strellson AG has continued to ship products to Strellmax and Strellson North America in order to continue to deliver products to end customers, such as Hudson Bay and other high end retailers.

(g) On about August 14 and 15, 2017, Strellson AG purported to make demand on the Letter of Credit.

(h) By letter dated August 18, 2017, my counsel wrote to counsel for Strellson AG requesting information relating to the agreements between the parties as referred to above. The rationale for the request for information was to determine whether the letter of credit had been vitiated by the conduct of the parties, and whether Allow and Adamray had breached their obligations to Accord to subordinate and assign their security by inter alia ending up with the 25% interest in Strellson North America and continued employment.

(i) Counsel for Strellson AG has refused to provide any of the information requested.

(j) Instead, counsel for Strellson AG has advised that Strellson AG continues to hold Accord responsible for the \$500,000.00 under the Letter of Credit.

(k) Meanwhile, the Receiver has requested payment of the amounts collected by Accord. Accord to date has remitted funds in the normal course, save and except for the \$500,000.00 fund which has been segregated pending determination of the rights of the parties, and \$50,000.00 on account of legal fees incurred or expected to be incurred for

which Accord is entitled to set off as against Strellmax's account pursuant to the agreement between the parties.

Attached hereto and marked as Exhibit "E" is the correspondence between the parties including the letter dated August 18, 2017.

31. The proximity of interest of the various parties is amply illustrated by the letter of July 9, 2017, in which Strellson North America advised all of its customers that:

"The wholesale division assets of Strellmax were sold to Strellson North America Ltd. ("Strellson NA"), a new partnership between Strellson AG and our long time distributor Mark Allow who assumes the position of CEO...

We look forward to maintaining and strengthening our relationship with you."

32. The letter was co-signed by Marcel Braun "Chairman of the Board of Strellson North America Ltd., CEO of Strellson AG, Switzerland" and Mark Allow "CEO Strellson North America Ltd." Attached hereto and marked as Exhibit "F" is the letter of July 9, 2017.

33. By continuing to ship product, Strellson AG drove up the debt which was owed to it by Strellmax which it then "bid" in order to buy up all of the assets it wanted from Strellmax. It then rolled those assets into a new entity Strellson North America in which Strellson AG partnered with the principal of Strellmax, Mark Allow, to form a "new" venture.

34. While the precise shareholdings and arrangements have not been disclosed despite demands for that, it is apparent that Strellson has effectively absorbed into Strellson North America Strellmax and the notional "unpaid accounts" upon which it now bases its demand under the Letter of Credit. These accounts are fictional, however, as these amounts are now owed to itself as a result of these transactions.

35. The Receiver has also diverted some funds from customers and asked for these to be paid directly to the Receiver contrary to the agreement with Accord. Attached hereto and marked as Exhibit "G" is the letter from the Receiver dated July 19, 2017, to one of the customers.

36. As well, however, it seems that the Receiver is selling goods and processing the invoices through Accord as before. I attach hereto and mark as Exhibit "H" a copy of a cheque from Lord and Taylor in this regard. Despite repeated requests of the Receiver and Strellson, no one has provided information as to which invoices are attempting to be processed, and whether they come before or after the receivership. The documentation on the invoices and the cheques being received seem to interchange Strellmax and Strellson North America Ltd. I note that in the Receiver's report dated October 6 there is a reference to Strellmax continuing to act as "agent" for Strellson North America. This again shows that the new entity is essentially the same one with a different outer shell. In the circumstances it is inequitable for Strellson and the Receiver to take the position that they are completely separate entities and entitled to make the duplicate demands which have been made for the funds.

Accord's Position and Orders Requested

37. By letter dated September 14, 2017, and in other correspondence between counsel as noted above at Exhibit "E", Accord has advised that:

- (a) If it is obliged to honour the Letter of Credit to Strellson AG, Accord has the right to set off the full amount, plus legal fees, against any amounts otherwise payable to Strellmax or the Receiver.
- (b) If Accord must pay the Receiver, the Letter of Credit is not payable. Accord is only obliged to pay the same sum once.
- (c) If Accord is obliged to pay twice, then it has a claim against Allow and Adamray for indemnity both under the Subordination and Assignment Agreements, and at common law.

38. In order to protect its rights, Accord has paid \$1.00 to Strellson AG pursuant to the demand made on the Letter of Credit on a without prejudice basis. By the terms of the Letter of Credit, and accompanying agreement, the entire amount of the Letter of Credit is repayable by Strellmax

to Accord. The Receiver stands in the shoes of Strellmax and so any demand by the Receiver for the \$500,000.00 is offset and no amount is payable. In addition, all of Accord's legal costs are able to be offset against the amounts claimed by the Receiver pursuant to the terms of the agreement between Accord and Strellmax. Correspondence outlining these steps dated October 25, 2017 is attached and marked as **Exhibit "J"**.

39. Accord is bringing a cross-motion to determine its rights including a request for production of documents and cross-examinations and examinations of relevant witnesses pursuant to Rule 39, and to vary the Receivership Order of July 7, 2017 as required.



40. If required, in the interim, Accord is prepared to pay the \$500,000.00 into a segregated account at TD Bank to be held pending judicial determination of these issues. As has been advised to all parties, the funds are currently held in Accord's mixed operating account at the TD Bank, consistent with its practice throughout pursuant to the factoring agreement since 2010.


41. Since the receivership order, Accord has collected and remitted in the ordinary course, and advised all parties of the amounts being processed in a timely fashion.


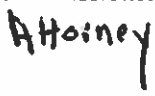
42. Any payments which may be required on an interim basis should be without prejudice to a determination of Accord's set off rights as against the Receiver, Accord's rights to defend the Letter of Credit demand, and Accord's rights against Altow and Adamray, or any other appropriate parties, arising from the Subordination and Assignment Agreements or otherwise.

43. Counsel for Accord attended on the initial return of the receivership motion on July 7, 2017 before Justice Conway and her endorsement reflects the acknowledgement that Accord's rights were not being determined in any way by virtue of the Receivership Order being made. Both the "comeback" clause of the Receivership Order and the endorsement embody the reality that all parties knew that Accord's rights may be affected, and that a proper determination on the merits might need to be done on a full record in due course. The Receivership Order is attached at Exhibit "A" of the Receiver's Motion Record.

44. I swear this affidavit in support of a cross-motion for the determination of the rights of the parties to a \$500,000.00 fund, and related relief, and for no other or improper purpose.

SWORN before me at the
City of ~~Toronto~~ ~~MONTRÉAL~~ 
in the Province
of ~~Ontario~~ ~~QUEBEC~~ 
this ~~27~~ day of October, 2017

) 
)
) Jim Bates
)
)


A Commissioner for taking affidavits


STRELLSON AG
Applicant

and

STRELLMAX LTD.
Respondent

Court File No. CV-17-11864-00CL

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ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

AFFIDAVIT OF JIM BATES

JULIAN HELLER AND ASSOCIATES
Lawyers
120 Adelaide Street West
Suite 2501
Toronto, Ontario
M5H 1T1

Julian Heller (LSUC#25377P)
Tel (416) 364-2404
Fax (416) 364-0793
Email: jheller@julianheller.com

Lawyers for Accord Financial

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TAB A

This is Exhibit "A" referred to in the
Affidavit of JIM BATES
sworn before me this 27th day of
October, 2017

E. Britt attorney
A Commissioner for taking Affidavits etc.

00001



Dated as of
June 1, 2010

Strellmax Ltd.
3725 Chesswood Drive
Toronto, Ontario M3J 2P6

Upon your approval and acceptance of this letter, indicated by your signing the original and duplicate attached, the following are the terms and conditions of the Factoring Agreement between us.

1. It is agreed that we will factor all your Canadian credit sales commencing with your acceptance of this agreement and continuing indefinitely until you give us not less than 30 days written notice of termination or we give you not less than 60 days written notice of termination.
2. You will submit to us for our credit coverage all of your proposed sales to customers. We will evaluate the credit-worthiness of your customers, and establish, to the extent possible, a line of credit for each customer. Our credit coverage may be withdrawn by us at any time in our sole discretion, and we shall not be liable to anyone for declining to approve any credit or for withdrawing any credit coverage. Once you commence shipments to a customer for whom we have established a line of credit, all sales whether on credit terms or not, and without exception, will be turned over to us. Failure to turn over all sales to us while we are at risk will automatically relieve us of any credit risk we may have assumed in respect to the customer.
3. Provided that your shipments to a customer are received, retained and fully accepted by your customer without dispute or counterclaim, and the amounts owing by that customer are within the established line of credit, we will assume the risk of loss resulting from that customer's financial inability to pay. All amounts owing at any time in excess of the line of credit will be at your risk. Money received and credits issued will be applied, firstly, towards the amount owing in excess of the line of credit, if any; and secondly, towards the amount owing under the line of credit. However, upon reduction, cancellation or expiry of a line of credit, all money received and credits issued by you or by us will be applied in reverse order; that is, firstly towards the amount owing under the line of credit; and secondly towards any amount owing in excess of the line of credit.
4. Undisputed credit-covered sales will be credited to your cash account when we collect from your customer, or, if uncollected, at your request 120 days after due date. Upon our so crediting you, you will be obliged, at our request, to transfer and specifically assign the relevant account receivable to us. If a customer is by legal process declared insolvent or bankrupt and the full amount owing by the customer is at our risk, we will credit your cash account 120 days after due date; however, if part of the customer's account is at your risk, we will credit your cash account with the credit-covered amount, and all dividends paid as a result of the insolvency or bankruptcy will be shared between us pro rata as of the date of the commencement of the insolvency or bankruptcy proceedings.

5. We may from time to time grant a line of credit for a customer on a post-dated cheque basis. In this respect the credit coverage advice sent to you will be marked with the notation "PDC", followed by a number. The number represents the maximum number of days you may grant as terms to the customer. Your sales to that customer will be credit-covered up to the amount indicated by us provided (a) the terms are not in excess of the stipulated maximum, and (b) you obtain from the customer, and deliver to us not more than 15 days after shipment of merchandise, the post-dated cheque(s) covering the full amount of the relevant invoice(s), payable in accordance with the terms of the invoice(s).

6. If a customer's account becomes disputed and the amount in dispute is clearly ascertainable our credit coverage in respect to the disputed amount ceases immediately. If the amount in dispute is not clearly ascertainable our credit coverage in respect to that customer ceases immediately. If we advise you that a dispute exists you will, within 30 days, determine the validity of the customer's claim, and either (a) settle the matter conclusively or (b) advise us that a settlement cannot be reached, in which latter case you must instruct us to remove the disputed amount from our books or to commence legal proceedings against the customer. If you instruct us to commence legal proceedings our credit coverage will be deemed immediately reinstated; and if the asserted claims of the customer are dismissed by final judgment, or if the customer is declared bankrupt during litigation, then we will promptly credit your cash account accordingly. If the customer's claims are partially or fully upheld by final judgment, you will promptly reimburse us for your pro rata share of the collection and legal costs incurred by us. However, our assumption of risk of loss relating to accounts in litigation will not survive any termination of this agreement by you.

7. Upon our request, you agree to exercise on our behalf all the rights you may have as an unpaid vendor including repossession and stoppage in transit. Merchandise recovered by way of repossession or stoppage in transit from a bankrupt or insolvent customer whose credit was covered by us will be held in trust by you for our account; and upon our request, you will use your best efforts to sell the merchandise for us. You will notify us promptly of any rejection or return of merchandise and of any allowance, claim, dispute, defence or set-off alleged by your customers and you hereby indemnify and protect us against liability, loss or expense which may be incurred therefrom. You agree that, without our prior written consent, you will not (a) grant terms to a customer which are effectively more than 120 days from shipment date, (b) change your terms of sale after merchandise has been shipped, or (c) extend the maturity date of an invoice. Failure to obtain our consent will automatically relieve us of any credit risk we may have assumed in respect of those shipments or invoices.

8. All invoices sent to your customers will contain a notice in form satisfactory to us that payment is to be made to us only. Within 15 days of shipment of merchandise to your customer you will send us a legible copy of the invoice or invoices together with a duly completed schedule form, a supply of which forms we will furnish you. We reserve the right to refuse acceptance of invoices delivered to us more than 15 days after shipment of merchandise, in which case we will be automatically relieved of the credit risk in respect of those invoices. Payment instruments that you receive from customers will be considered received in trust for us, and you will promptly send them to us. We have the right in our sole discretion to terminate this agreement immediately if you deposit any payment instrument received from a customer, and we will be automatically relieved of the credit risk in respect of any payment instrument you deposit, even if the payment instrument is subsequently found to be dishonored. We have the right, irrevocable during the currency of this agreement, to endorse your name on payment instruments received from customers in order to effect collection, and to institute proceedings, in your name or ours, that we may deem necessary to enforce payment from customers. In the event that we incur collection or legal costs in proceedings against a customer whose credit risk was not entirely covered by us, you agree to share such costs with us pro rata.

9. Our factoring commission will be 1.25 percent of your gross sales, and will be charged to your cash account at the end of the month. Within 15 days after the end of each month we will send you a statement of your account with us, summarizing the transactions between us during the previous month. If you have any objections to anything shown in our statement you must give us details thereof in writing within 60 days of the date of the statement, otherwise everything shown on our statement will be conclusively binding upon you. Any debit or credit cash balance between us is payable on demand. However, without your request, we will remit your cash credit balance on a daily basis provided the balance exceeds \$2,500.

10. You warrant that each and every account receivable governed by this agreement represents bona fide obligations of your customers created in the ordinary course of business and fully owing to you without defence, set-off or counterclaim and not contingent upon the fulfillment of any obligation or condition not shown on the face of the invoice. An account receivable is not bona fide if you, or any of your shareholders, directors, or officers, have any interest whatsoever in the relevant customer. Your bank shall have the right during the currency of this agreement, to obtain directly from us information concerning your account, as it may require at any time; and you consent to our release and disclosure of such information directly to your bank. You also warrant that all accounts receivable will be free and clear of any prior encumbrances with the exception of a general assignment of book debts in favor of your bank, namely,

HSBC Bank Canada
1 Adelaide Street East
Toronto, ON
M5C 2V9

Unless and until advised by your bank to the contrary, all our remittances to you will be forwarded to your bank at the address above.

11. We have the right to terminate this agreement without notice if a petition in bankruptcy or any application under The Bankruptcy and Insolvency Act is made by or against you, or if a Receiver or Liquidator is appointed to administer your assets, or if you are insolvent or proceed to voluntary or involuntary liquidation, or make a bulk sale of your assets, or if you or any third party or government agency notifies your customers to make payments to anyone other than us; and upon the occurrence of any of these events we have the right to charge you with any extra costs and expenses incurred in the collection of your accounts receivable. If you, your bank, or anyone other than we, notifies any of your customers to make payment to someone other than us, all credit coverage relating to such customers will be deemed cancelled as of the date of such notice and we will cease to be on risk respecting such customers.

12. On or before the effective termination date of this agreement, you will give us written notice as to whether or not you wish us to continue to collect the accounts receivable outstanding at the close of business on the effective termination date. If you notify us to continue, we will do so, and the terms and conditions of this agreement as they relate only to those accounts receivable will apply. If you notify us to discontinue, we will, at your request, notify your customers to make all payments directly to you or your bank; and all credit coverage outstanding at the close of business on the effective termination date will be deemed cancelled and we will cease to be on risk respecting any of your accounts receivable. Failure to notify us of your intentions will be considered notice to discontinue. We undertake to promptly notify your bank if this agreement is terminated for any reason. If we exercise our right to terminate under any of the events described in paragraph 11 above, your bank will have the right, in your stead, to notify us to continue or discontinue.

13. Any waiver of our rights or failure to enforce them will not prejudice those rights or be deemed a waiver to any extent of the terms and conditions of our agreement. You will sign and deliver such other documents as we may reasonably require for full exercise of our rights. This agreement cannot be changed orally. Time, wherever relevant, is of the essence. If any particular provision of this agreement is found invalid, it will not affect any other provisions, and this agreement will nevertheless remain in full force except for the severed provision. You certify to us that your address as set forth at the head of this agreement is your mailing address, your chief place of business, and your office in which your records concerning accounts are kept and maintained; and we may rely upon the foregoing until we have received written notice to the contrary. This agreement is binding upon you and us, as well as our respective successors and assigns; and is governed by the laws of the Province of Ontario.

Yours very truly,

ACCORD FINANCIAL LTD.

Per:


Mark Perna, President

Approved and Accepted:

STRELLMAX LTD.

Per:


Mark Altow, President

Fac-Nontitle-Ont-09-96

TAB B

This is **Exhibit "B"** referred to in the
Affidavit of **JIM BATES**
sworn before me this 2nd day of
October, 2017

G. Brett attorney
A Commissioner for taking Affidavits etc.



000027

Dated as of
March 1, 2016

Strellmax Ltd.
3725 Chesswood Drive
Toronto, Ontario
M3J 2P6

Attention: Mark Altow, President

Dear Mark,

We have at your request provided Strellson AG (Strellson) with our Irrevocable Letter of Credit (LOC) for Strellmax Ltd. (Strellmax) purchases of Strellson AG products to a maximum of CDN \$500,000.

The following are the terms and conditions of us providing such LOC.

1. Terms of sale by Strellson to Strellmax are not to exceed 140 days.
2. Strellson is only permitted to draw against the LOC once invoices are at least 150 days past due (290 days old).
3. In the event of a draw by Strellson, Strellmax will be immediately obliged to repay Accord Financial Ltd. (AFL) the entire LOC amount of \$500,000. In the event it is determined that a lesser amount than the \$500,000 is owed to Strellson and that there is no future obligation that may be claimed under the LOC, upon our receipt of written confirmation by Strellson, AFL will reimburse Strellmax for the difference.
4. Should there be any delay in the repayment to AFL interest will accrue at prime plus 7.5% (subject to a 10% floor).
5. You agree that you will not obtain any additional financing or take on additional debt other than with TD and or related parties, without our prior written consent, which will not be reasonably withheld. You further agree that any additional related party debt will also be subordinated to Accord.
6. Within 90 days following the end of your fiscal year you will send us a copy of your annual financial statements, prepared on at least a "Review Engagement" or "Audit" basis by a

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qualified independent accountant. Internal quarterly financial statements are to be delivered to AFL within 45-days of each quarterly period. Upon request, monthly internal financial statements are to be delivered within 30-days of month end. Other financial information (payables aging etc.) will be provided to AFL on a request basis.

7. In addition to the fees and charges set forth, you shall pay all legal costs and expenses associated with the preparation of the Line of Credit, AFL & Strellmax Ltd. agreement and the documents required for purposes of facilitating the transactions contemplated hereby, including the registration of security and all costs arising from any breach or non-compliance with any of the terms hereof or thereof. Any such charges are to be charged to your account as incurred.

Yours truly,

ACCORD FINANCIAL LTD.

Per:



Jim Bates, Senior Vice President,
Chief Operating Officer

APPROVED AND ACCEPTED

STRELLMAX LTD.

Per:



Mark Altov, President

000027

SUBORDINATION AND ASSIGNMENT

To: Accord Financial Ltd.
77 Bloor Street West, Suite 1803
Toronto, Ontario
M5S 1M2

Date: March 1, 2016

Gentlemen:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby declares that STRELLMAX LTD. ("DEBTOR") is indebted to the undersigned in the amount of \$1,150,000 which the undersigned does hereby subordinate and postpone to any and all debts, demands, claims, liabilities or causes of action for which the DEBTOR may now or at any time hereafter in any way be liable to you. The undersigned further covenants and agrees with you that the DEBTOR shall not pay, and the undersigned will not accept payment of or assert or seek to enforce against the DEBTOR, my indebtedness now or hereafter owing by the DEBTOR to the undersigned or any collateral or security thereto appertaining, unless and until you have been paid in full and all such debts, claims, liabilities, demands or causes of action now or hereafter owing to you by the DEBTOR. As further security for the undertakings of the undersigned in that behalf, the undersigned hereby assigns to you any and all such indebtedness now or hereafter owing by the DEBTOR to the undersigned and to any and all collateral or security thereof; covenants and agrees to assign, endorse and deliver to and deposit with you any and all notes or other obligations or instruments evidencing any such indebtedness and all collateral thereto appertaining; hereby irrevocably authorizing you to collect, receive, enforce and accept any and all sums or distributions of any kind that may become due, payable or distributable on or in respect of such indebtedness, either principal or interest, or such collateral or security whether paid directly or indirectly by the DEBTOR, or paid or distributed in any bankruptcy, receivership, reorganization or dissolution proceedings or otherwise. The undersigned represents and warrants to you that the undersigned has not assigned or transferred any of the said indebtedness, and that any notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligation will be endorsed with a proper notice of this agreement.

This agreement shall be construed in accordance with the laws of the Province of ONTARIO and is in addition to and not in substitution for any other undertakings, guarantees, or securities now held or that hereafter may be held by you or for your benefit and shall be binding upon the undersigned and the heirs, administrators, executors and assigns of the undersigned and shall enure to the benefit of your successors and assigns.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

Shelly Ali
WITNESS
Name Shelly Ali
Address 28 Radial Street
Brampton - Ont. L6Y5K7

ADAMRAY INVESTMENTS LTD.
Per: [Signature]
Name Mark Allow
Address 29 Ridlee Hill Drive, Toronto, ON M6C 2A3
I HAVE AUTHORITY TO BIND THE CORPORATION

ACKNOWLEDGEMENT

The DEBTOR named in the foregoing document hereby acknowledges receipt of notice hereof and of the assignment to ACCORD FINANCIAL LTD.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

STRELLMAX LTD.
Per: [Signature]
Mark Allow, President

I HAVE AUTHORITY TO BIND THE CORPORATION

SUBORDINATION AND ASSIGNMENT

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To: Accord Financial Ltd.
77 Bloor Street West, Suite 1803
Toronto, Ontario
M5S 1M2

Date: March 1, 2016

Gentlemen

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby declares that STRELLMAX LTD. ("DEBTOR") is indebted to the undersigned in the amount of \$1,150,000 which the undersigned does hereby subordinate and postpone to any and all debts, demands, claims, liabilities or causes of action for which the DEBTOR may now or at any time hereafter in any way be liable to you. The undersigned further covenants and agrees with you that the DEBTOR shall not pay, and the undersigned will not accept payment of or assert or seek to enforce against the DEBTOR, any indebtedness now or hereafter owing by the DEBTOR to the undersigned or any collateral or security thereto appertaining, unless and until you have been paid in full and all such debts, claims, liabilities, demands or causes of action now or hereafter owing to you by the DEBTOR. As further security for the undertakings of the undersigned in that behalf, the undersigned hereby assigns to you any and all such indebtedness now or hereafter owing by the DEBTOR to the undersigned and to any and all collateral or security thereof; covenants and agrees to assign, endorse and deliver to and deposit with you any and all notes or other obligations or instruments evidencing any such indebtedness and all collateral thereto appertaining; hereby irrevocably authorizing you to collect, receive, enforce and accept any and all sums or distributions of any kind that may become due, payable or distributable on or in respect of such indebtedness, either principal or interest, or such collateral or security whether paid directly or indirectly by the DEBTOR, or paid or distributed in any bankruptcy, receivership, reorganization or dissolution proceedings or otherwise. The undersigned represents and warrants to you that the undersigned has not assigned or transferred any of the said indebtedness, and that any notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligation will be endorsed with a proper notice of this agreement.

This agreement shall be construed in accordance with the laws of the Province of ONTARIO and is in addition to and not in substitution for any other undertakings, guarantees, or securities now held or that hereafter may be held by you or for your benefit and shall be binding upon the undersigned and the heirs, administrators, executors and assigns of the undersigned and shall enure to the benefit of your successors and assigns.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

MARK ALTOW

Sdli
WITNESS
Name Shelly Ali

Per: [Signature]
Name Mark Altow

Address 28 Radial St.
Beaconsfield, Ont. L6Y 5K7

Address 29 Ridge Hill Drive, Toronto, ON M6C 3A2
Birthdate: 5/21/22/1962

.....
ACKNOWLEDGEMENT

The DEBTOR named in the foregoing document hereby acknowledges receipt of notice hereof and of the assignment to ACCORD FINANCIAL LTD.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

STRELLMAX LTD.

Per: [Signature]
Mark Altow, President

I HAVE AUTHORITY TO BIND THE CORPORATION

TAB C

000028

This is Exhibit "C" referred to in the
Affidavit of JIM BATES,¹⁷
sworn before me this 27th day of
October, 2017

G. Brink attorney
A Commissioner for taking Affidavits etc.

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March 1, 2016

Irrevocable Letter of Credit
Number: 1000 STRLMX / STRLSN

Strellson AG
Sonnenwiesenstrasse 21
8280 Kreuzlingen, Switzerland

Attention: Mr. Guenther Saller, MBL-HSG,
General Counsel / Director Legal

RE: Strellmax Ltd. ("Strellmax")
3725 Chesswood Drive
Toronto, Ontario
Canada

Dear Mr. Guenther

For value received by us, the receipt and adequacy of which is hereby acknowledged, we, Accord Financial Ltd. ("AFL"), hereby agree with Strellson AG (the "Beneficiary") as follows:

1. AFL irrevocably and unconditionally, without protest or notification, promises to pay to the Beneficiary any amount up to an aggregate amount of Five Hundred Thousand Canadian Dollars (CAD\$500,000.00) in immediately available funds, immediately upon presentation by the Beneficiary to AFL of: (i) a certificate of the Beneficiary stating the amount claimed and certifying that such amount is due to the Beneficiary by Strellmax, who has defaulted in its payment obligations to the Beneficiary, (ii) copies of the commercial invoices of the Beneficiary as billed on an open account basis, remaining unpaid 150 days after the due dates of such invoices, and (iii) the original of this Irrevocable Letter of Credit at the office of AFL at 77 Bloor Street West, Suite 1803, Toronto, Ontario, M5S 1M2 (for immediate endorsement and return by AFL to the Beneficiary), at any time up to and including March 1, 2021 (subject to Section 2 below). Any such demand for payment made upon AFL by the Beneficiary shall be honoured by AFL without enquiring whether the Beneficiary has a right as between the Beneficiary and Strellmax to make such demand and without recognizing any claim of Strellmax.
2. This Irrevocable Letter of Credit expires on March 1, 2017, but shall be deemed to be automatically extended without any amendment or notice to that effect for a one (1) year period from the present or any future expiration date hereof unless, not less than sixty (60) days prior to the present or any future expiration date, AFL provides written notice to the Beneficiary that AFL elects not to consider this Irrevocable Letter of Credit to be renewed for any such additional period. Upon receipt by the Beneficiary of such notice, up to the expiration date, the Beneficiary may draw hereunder an amount not to exceed the amount then outstanding under this Irrevocable Letter of Credit by presenting to AFL its written demand for payment as described in Section 1 above. Notwithstanding the above, in no event shall this Irrevocable Letter of Credit extend beyond January 1, 2021.
3. Multiple demands for payment are permitted hereunder but the aggregate of the amounts paid hereunder shall not exceed Five Hundred Thousand Canadian Dollars (CAD\$500,000.00), inclusive of principal, interest, costs and fees, and the total amount of this Irrevocable Letter of

Credit shall be reduced by the amount of any payment by AFL hereunder. In respect of each drawing hereunder other than the final drawing, AFL will note the amount of any such drawing below and immediately return the original of this Irrevocable Letter of Credit to the Beneficiary.

- 4. All payments to be made by AFL under this Irrevocable Letter of Credit will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any kind.
- 5. This Irrevocable Letter of Credit shall be governed by and construed in accordance with the laws of the Province of Ontario, Canada and the laws of Canada applicable therein and the Courts of the Province of Ontario shall have non-exclusive jurisdiction to hear and determine any disputes with respect to this Irrevocable Letter of Credit.
- 6. This Irrevocable Letter of Credit is binding upon AFL and its successors and assigns. This Irrevocable Letter of Credit enures to the benefit of the Beneficiary and its successors and permitted assigns.

Yours truly,

ACCORD FINANCIAL LTD.


BY: 
 Jim Bates, Senior Vice President,
 Chief Operating Officer

Notations of Partial Payments

<u>Date of Partial Payment</u>	<u>Amount of Partial Payment</u>	<u>Reduced amount of L/C</u>	<u>Initials of AFL Officer</u>
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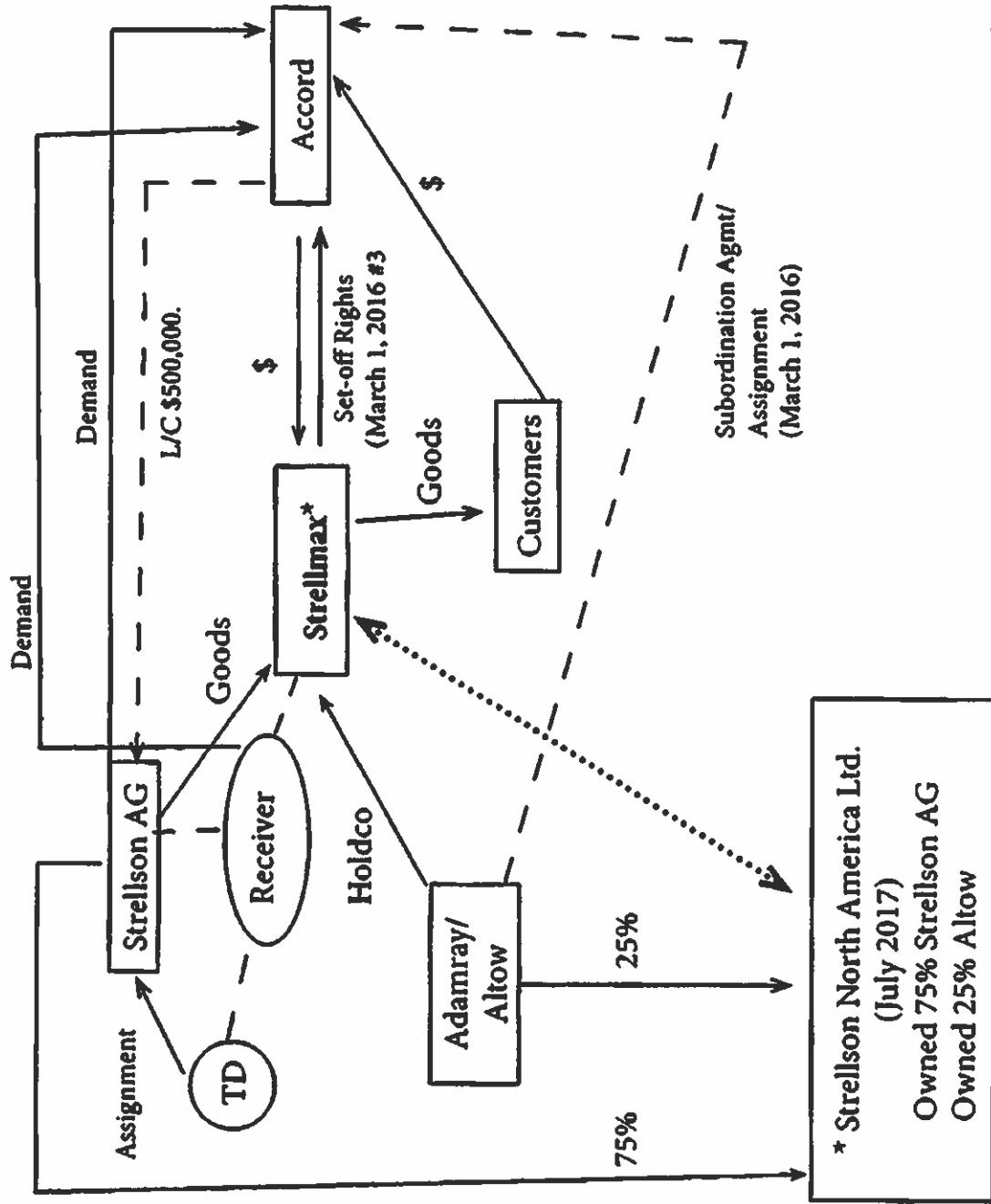
TAB D

This is Exhibit "D" referred to in the
Affidavit of JIM BATES,
sworn before me this 27th day of
October, 2017




A Commissioner for taking Affidavits etc.

**Strellmax/Strellson/accord
Organization Chart**



TAB E

This is Exhibit "F" referred to in the
Affidavit of JIM BATES,^h
sworn before me this 27th day of
October, 2017


A Commissioner for taking Affidavits etc



August 15, 2017

By Courier and Email

jbates@accordfinancial.com

David F.W. Cohen
Direct 416-368-8867
david.cohen@gowlingwg.com

ACCORD FINANCIAL LTD.
77 Bloor Street West, Suite 1803
Toronto, ON M5S 1M2

Attention: Jim Bates

Dear Sirs:

Re: Letter of Credit issued by AFL Financial Ltd. ("AFL") in favour of Strellson AG ("Strellson") dated March 1, 2016 (the "Letter of Credit").

We are legal counsel to Strellson in respect of the above noted matter.

Reference is made to the Letter of Credit between AFL, as issuer, and Strellson, as beneficiary.

On August 14, 2017, at approximately 4:00 p.m. Thomas Gertner ("Mr. Gertner") a lawyer from our office attended your office at 40 Eglinton East, Suite 602 Toronto, ON M4P 3A2 (the "AFL Office") on behalf of Strellson in order to draw down on the Letter of Credit in the amount of CDN \$500,000.000 (the "Draw").

Mr Gertner attended with the following documents (collectively, the "Supporting Documents"): (i.) a certificate from the Chief Executive Officer and Chief Financial Officer of Strellson confirming the amount claimed (the "Draw Amount") and certifying that the Draw Amount is due and owing to Strellson by Strellmax Ltd. ("Strellmax"); (ii.) the original copy of the Letter of Credit; and (iii.) copies of certain commercial invoices issued by Strellson to Strellmax on an open account basis which remain unpaid 150 days (or longer) after the due dates of such invoices.

Upon attending at the AFL Office with the Supporting Documents, Mr. Gertner was advised by Allan Perun ("Mr. Perun") that: (i.) Jim Bates who handles the Strellson account was out of the office; (ii.) there was no one in the office who was going to be able to facilitate the Draw; and (iii.) Mr. Perun was unwilling to personally acknowledge receipt of the Supporting Documents.

Please take notice that under Section 1 of the Letter of Credit, upon presentation of the Supporting Documents AFL covenanted to without protest or notification pay to Strellson:

any amount up to an aggregate amount of Five Hundred Thousand Canadian Dollars (CDN \$500,000.00) in immediately available funds, immediately upon presentation by Strellson to AFL....

Gowling WLG (Canada) LLP
Suite 1600, 1 First Canadian Place
100 King Street West
Toronto ON M5X 1G5 Canada

T +1 416 862 7525
F +1 416 862 7661
gowlingwg.com

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm consisting of lawyers in the United States, Canada, Mexico, Europe, Asia and Australia. The structure is explained in more detail at www.gowlingwg.com.



Strellson reserves all of its rights and remedies against AFL in respect of the Letter of Credit. While Strellson is prepared to wait until Wednesday, August 16, 2017, to re-attend and present the Letter of Credit for draw down there upon, Strellson in so doing in no way waives its rights under the Letter of Credit or the breach thereunder arising from AFL's failure to previously make payment "immediately upon presentation". We intend to re-attend your offices on Wednesday August 16, 2017, between 10:00 am and noon. Please make the necessary arrangements to accommodate such presentation of the Letter of Credit in that time range.

GOWLING WLG (CANADA) LLP



Per: **David F.W. Cohen - Partner**

cc: **Lella Burden Nixon - Partner - Gowling WLG (Canada) LLP**
Frank Lamie - Partner - Gowling WLG (Canada) LLP
Marcel Braun - Chief Executive Officer - Strellson AG
Valeria Gomon - Chief Financial Officer - Strellson AG



August 17, 2017

By Courier – Receipt Requested and Email

jbates@accordfinancial.com

Lella Burden Nixon
Direct (416) 862-4402
Lella.Burden@gowlingwlg.com

ACCORD FINANCIAL LTD.
77 Bloor Street West, Suite 1803
Toronto, ON M5S 1M2

Attention: Jim Bates

Dear Sirs:

Re: Letter of Credit issued by Accord Financial Ltd. ("AFL") in favour of Strellson AG ("Strellson") dated March 1, 2016 (the "Letter of Credit").

We are legal counsel to Strellson in respect of the above noted matter.

Reference is made to the Letter of Credit and a letter dated August 14, 2017, issued by Gowling WLG (Canada) LLP ("Gowling WLG") on behalf of Strellson to AFL (the "August 14 Letter").

As outlined in the August 14 Letter and by way of reminder, on August 14, 2017, at approximately 4:00 p.m. (the "August 14 Attendance"), an associate at our firm, Thomas Gertner ("Mr. Gertner") attended your office at 40 Eglinton East, Suite 602 Toronto, ON M4P 3A2 (the "AFL Office") on behalf of Strellson in order to draw down on the Letter of Credit in the amount of CDN \$500,000.000 (the "Draw").

At the August 14 Attendance, Mr Gertner attempted to deliver the following documents (collectively, the "Supporting Documents"): (i) a certificate from the Chief Executive Officer and Chief Financial Officer of Strellson confirming the amount claimed (the "Draw Amount") and certifying that the Draw Amount was due and owing to Strellson by Strellmax Ltd. ("Strellmax"); (ii) the original Letter of Credit; and (iii) copies of certain commercial invoices issued by Strellson to Strellmax on an open account basis which remain unpaid 150 days (or longer) after the due dates of such invoices. Attached hereto as Schedule "A" to this Letter is a copy of the Supporting Documents.

Upon attending at the AFL Office with the Supporting Documents, Mr. Gertner was advised by Allan Perun ("Mr. Perun") that: (i) Jim Bates ("Mr. Bates") who handles the Strellson account was out of the office returning Wednesday August 16, 2017 (the "Return Date"); (ii) in Mr. Bates absence there was no one in the office who was going to be able to facilitate the Draw; and (iii) Mr. Perun was unwilling to personally acknowledge receipt of the Supporting Documents.

Consequently, Gowling WLG issued the August 14 Letter to advise AFL that it was in technical breach of the terms and conditions of the Letter of Credit and that a representative of Gowling WLG would be re-attending the AFL Office on the Return Date to facilitate the Draw.

As you are aware and to this effect, on the Return Date at approximately 11:45 a.m. (the "Return Date Attendance") Mr Gertner re-attended the AFL Office with the Supporting Documents, at which time Mr. Bates indicated to Mr. Gertner that he did not need to review the Supporting Documents as AFL was declining to

GOWLING WLG (CANADA) LLP
1 First Canadian Place, 100 King Street West,
Suite 1600, Toronto, Ontario M5X 1G5 Canada

T +1 (416) 862-7525
F +1 (416) 862-7861
gowlingwlg.com

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at www.gowlingwlg.com/global



honour the requested Draw. Mr. Gertner thereafter further orally advised Mr. Bates that AFL was in technical breach of the strict terms and conditions of the Letter of Credit.

This letter is intended to provide AFL with final notice that by failing to facilitate the Draw on the August 14 Attendance or the Return Date Attendance, AFL is in breach of the terms and conditions of the Letter of Credit (the "Payment Breach"), including but not limited to under Sections 1 and 5 of the Letter of Credit, which respectively state that:

1. AFL irrevocably and unconditionally, without protest or notification, promises to pay to the Beneficiary any amount up to an aggregate amount of Five Hundred Thousand Canadian Dollars (CDN \$500,000) in immediately available funds, immediately upon presentation by the Beneficiary to AFL.....

5. All payments to be made by AFL under this Irrevocable Letter of Credit will be made without setoff or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any kind

Please contact the undersigned by no later than 4:00 p.m. on Friday August 18, 2017 (the "August 18 Deadline"), to make arrangements for immediate payment of the Draw. If you fail to do so, we have been instructed to commence enforcement proceedings, for the collection of the Draw, together with applicable interest and enforcement costs, including but not limited to legal costs.

You have been aware of the Draw request since August 14, 2017. You have had ample time to explain your position to Strellson and your failure to provide any explanation or position is just not appropriate in the circumstances. A failure to advance on a letter of credit draw, given the nature of letters of credit is a very serious commercial matter for any credit institution. You are breaching what is treated as an indefeasible promise to pay.

Strellson expressly reserves all of its rights and remedies at contract, law, and in equity in connection with the Payment Breach. In this respect, Strellson expressly reserves its right to take any steps it deems advisable to protect its position prior to the August 18 Deadline.

We look forward to and expect your immediate attention to this matter.

Yours very truly,

GOWLING WLG (CANADA) LLP

Leila Burden Nixon – Partner

cc: David F.W. Cohen - Partner - Gowling WLG (Canada) LLP - Counsel to Strellson AG
 Frank Lamie - Partner - Gowling WLG (Canada) LLP - Counsel to Strellson AG
 Marcel Brown - Chief Executive Officer - Strellson AG
 Valeria Gomon - Chief Financial Officer - Strellson AG
 Julian Heller - Partner - Julian Heller and Associates - Counsel to Accord Financial Ltd.



Julian Heller and Associates
Lawyers

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Suite 2501
120 Adelaide Street West
Toronto ON Canada M5H 1T1
T 416.364.2404 F 416 364.0793
www.julianheller.com

jheller@julianheller.com

VIA EMAIL

August 17, 2017

Gowling WLG (Canada) LLP
1 First Canadian Place
Suite 1800, 100 King Street West
Toronto, Ontario
M5X 1G5

Client: Strellson AG

Attention: David F.W. Cohen

Dear Sir:

RE: Strellson AG vs. Strellmax Ltd.
Our Client: Accord Financial Ltd.
Our File No. 31117

I acknowledge receipt of the email copy of your letter dated August 15, 2017 to Accord Financial Ltd. ("Accord"). As you know, I am litigation counsel to Accord.

I will be reviewing this matter with my client and responding to you once I have had an opportunity to do so. I expect that my response will not be possible until next week.

Yours very truly,


JULIAN HELLER
JH/der

N:\HELLER\Accord Financial\Correspondence\Cohen.02.docx

VIA EMAIL

August 18, 2017

**Gowling WLG (Canada) LLP
1 First Canadian Place
Suite 1600, 100 King Street West
Toronto, Ontario
M5X 1G5**

Client: Strellson AG

Attention: David F.W. Cohen

Dear Sir:

**RE: Strellson AG vs. Strellmax Ltd.
Our Client: Accord Financial Ltd.
Our File No. 31117**

Further to your letter of August 15, 2017 to Accord Financial Ltd. ("Accord") I have now had an opportunity to conduct a preliminary review of this matter. Please provide me with a copy of the certificate referred to as being included in the "supporting documentation".

Furthermore, in order for my client to determine its position, we request the following information and documentation:

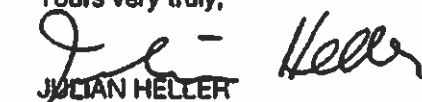
1. The full statement of account as between Strellson AG and Strellmax Ltd. from January 1, 2016 to date.
2. Shareholders Agreement between Strellson AG and Mark Allow, Adamray, and/or any related or affiliated companies in a new company which we understand has been incorporated to carry on the business of Strellmax in North America, which we understand is called Strellson North America Ltd. ("Strellson NA")
3. Copies of all communications and notes reflecting discussions or negotiations between Strellson AG and Strellmax Ltd., Mark Allow and Adamray or related parties with respect to arrangements to continue shipping product in 2016 and 2017, the decision to appoint a Receiver, and to incorporate Strellson NA and to carry on the business of Strellmax.
4. Documentation to reflect any dealings with Adamray or Allow's security in connection with Strellmax.
5. Employment agreement between Mark Allow and Strellson NA.
6. Copies of all invoices from Strellson AG to Strellmax from January 1, 2016 to date.
7. Identification and supporting documentation of the party making payment to Strellson AG set out in the statement of account referred to above.

3. Copies of any agreements between Strellson AG and Strellson NA.

In the circumstances, until we are in receipt of the information requested, my client will not be in a position to make any payment under the letter of credit. Furthermore, by copy of this letter to Adamray and Allow, this is formal notice that if my client is ultimately obliged to make payment under the letter of credit, it will seek full reimbursement from Adamray and Allow pursuant to the Subordination and Assignment Agreements dated March 1, 2016 and signed on March 6, 2016, copies of which are attached hereto.

Lastly, my client does not waive any of its rights and asserts its entitlement to be repaid by Strellmax any amounts which it may be called upon to pay.

Yours very truly,


 JULIAN HELLER
 JH/der
 Enclosures

c.c. **ADAMRAY INVESTMENTS**
 3725 Chesswood Drive,
 Toronto, Ontario, M3J 2P6
 Attention: Mark Allow
 Email: m.allow@strellson.ca

c.c Mark Allow
 29 Ridge Hill Drive
 Toronto, Ontario
 M6C 3A3

P.S. I also acknowledge receipt of Leila Burden Nixon's letter dated August 17, 2017. The version of the facts is not accepted, and the deadline in the circumstances is unrealistic. The subject of the letter of credit is not new and I suggest we schedule a telephone call for Tuesday, August 23 or Wednesday, August 24 to deal with this rather than exchange correspondence.

N:\HELLER\Accord Financial\Correspondence\Cohen.03.docx

SUBORDINATION AND ASSIGNMENT

To: Accord Financial Ltd.
77 Bloor Street West, Suite 1803
Toronto, Ontario
M5S 1M2

Date: March 1, 2016

Gentlemen:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby declares that STRELLMAX LTD. ("DEBTOR") is indebted to the undersigned in the amount of \$1,150,000 which the undersigned does hereby subordinate and postpone to any and all debts, demands, claims, liabilities or causes of action for which the DEBTOR may now or at any time hereafter in any way be liable to you. The undersigned further covenants and agrees with you that the DEBTOR shall not pay, and the undersigned will not accept payment of or assert or seek to enforce against the DEBTOR, any indebtedness now or hereafter owing by the DEBTOR to the undersigned or any collateral or security thereto appertaining, unless and until you have been paid in full and all such debts, claims, liabilities, demands or causes of action now or hereafter owing to you by the DEBTOR. As further security for the undertakings of the undersigned in that behalf, the undersigned hereby assigns to you any and all such indebtedness now or hereafter owing by the DEBTOR to the undersigned and to any and all collateral or security thereof, covenants and agrees to assign, endorse and deliver to and deposit with you any and all notes or other obligations or instruments evidencing any such indebtedness and all collateral thereto appertaining; hereby irrevocably authorizing you to collect, receive, enforce and accept any and all sums or distributions of any kind that may become due, payable or distributable on or in respect of such indebtedness, either principal or interest, or such collateral or security whether paid directly or indirectly by the DEBTOR, or paid or distributed in any bankruptcy, receivership, reorganization or dissolution proceedings or otherwise. The undersigned represents and warrants to you that the undersigned has not assigned or transferred any of the said indebtedness, and that any notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations taken to evidence such indebtedness will be endorsed with a proper notice of this agreement.

This agreement shall be construed in accordance with the laws of the Province of ONTARIO and is in addition to and not in substitution for any other undertakings, guarantees, or securities now held or that hereafter may be held by you or for your benefit and shall be binding upon the undersigned and the heirs, administrators, executors and assigns of the undersigned and shall enure to the benefit of your successors and assigns.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

SA
WITNESS
Name Shelly Ali
Address 28 Radial Street
Brampton - Ont. L6Y5K7

ADAMKAY INVESTMENTS LTD.
Per: [Signature]
Name: Mark Altow, President
Address 29 Ridge Hill Drive, Toronto, ON M6C 3A3

I HAVE AUTHORITY TO BIND THE CORPORATION

ACKNOWLEDGEMENT

The DEBTOR named in the foregoing document hereby acknowledges receipt of notice hereof and of the assignment to ACCORD FINANCIAL LTD.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

STRELLMAX LTD.
Per: [Signature]
Name: Mark Altow, President

I HAVE AUTHORITY TO BIND THE CORPORATION

SUBORDINATION AND ASSIGNMENT

To: Accord Financial Ltd.
77 Bloor Street West, Suite 1803
Toronto, Ontario
M5S 1A2

Date: March 1, 2016

Gentlemen:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby declares that STRELLMAX LTD. ("DEBTOR") is indebted to the undersigned in the amount of \$1,150,000 which the undersigned does hereby subordinate and postpone to any and all debts, demands, claims, liabilities or causes of action for which the DEBTOR may now or at any time hereafter in any way be liable to you. The undersigned further covenants and agrees with you that the DEBTOR shall not pay, and the undersigned will not accept payment of or assert or seek to enforce against the DEBTOR, any indebtedness now or hereafter owing by the DEBTOR to the undersigned or any collateral or security thereto appertaining, unless and until you have been paid in full and all such debts, claims, liabilities, demands or causes of action now or hereafter owing to you by the DEBTOR. As further security for the undertakings of the undersigned in that behalf, the undersigned hereby assigns to you any and all such indebtedness now or hereafter owing by the DEBTOR to the undersigned and to any and all collateral or security thereof; covenants and agrees to assign, endorse and deliver to and deposit with you any and all notes or other obligations or instruments evidencing any such indebtedness and all collateral thereto appertaining; hereby irrevocably authorizing you to collect, receive, enforce and accept any and all sums or distributions of any kind that may become due, payable or distributable on or in respect of such indebtedness, either principal or interest, or such collateral or security whether paid directly or indirectly by the DEBTOR, or paid or distributed in any bankruptcy, receivership, reorganization or dissolution proceedings or otherwise. The undersigned represents and warrants to you that the undersigned has not assigned or transferred any of the said indebtedness, and that any notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligation will be endorsed with a proper notice of this agreement.

This agreement shall be construed in accordance with the laws of the Province of ONTARIO and is in addition to and not in substitution for any other undertakings, guarantees, or securities now held or that hereafter may be held by you or for your benefit and shall be binding upon the undersigned and the heirs, administrators, executors and assigns of the undersigned and shall enure to the benefit of your successors and assigns.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

Sohli
WITNESS
Name Shelly Ali
Address 28 Radial St.
Beaumont, Ont. L6Y 5K7

MARK ALTOW
Per: [Signature]
Name Mark Akow
Address 29 Ridge Hill Drive Toronto, ON M6C 3A3
Birthdate: SEP 22 1966

.....
ACKNOWLEDGEMENT

The DEBTOR named in the foregoing document hereby acknowledges receipt of notice hereof and of the assignment to ACCORD FINANCIAL LTD.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

STRELLMAX LTD.
Per: [Signature]
Mark Akow, President

I HAVE AUTHORITY TO BIND THE CORPORATION



Julian Heller and Associates
Lawyers

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Suite 2501
120 Adelaide Street West
Toronto ON Canada M5H 1T1
T 416 364 2404 F 416 364 0793
www.julianheller.com

jheller@julianheller.com

VIA EMAIL dkorsunsky@richter.ca

August 29, 2017

Richter Advisory Group Inc.
181 Bay Street
33rd Floor
Toronto, Ontario
M5J 2T3

Attention: Daniel Korsunsky

Dear Sir:

RE: Strellson AG vs. Strellmax Ltd.
Our Client: Accord Financial Ltd.
Our File No. 31117

I am advised by my client that you have spoken about the status of collections.

Please be advised that demand has been made by Strellson AG upon a Letter of Credit which my client issued.

Accordingly, my client invokes its right of set-off against Strellmax in accordance with the agreement between my client, Strellmax and Strellson AG.

I am out of the province but would be pleased to discuss this with you in due course.

Yours very truly,

JULIAN HELLER
JH/der

Dictated by Mr. Heller but signed in his absence.

N:\HELLER\Accord Financial\Correspondence\Korsunsky.01.docx

August 31, 2017

Edmond Lamek
Partner
T: 416-947-5042
elamek@weirfoulds.com

VIA EMAIL

File 18478.00001

Julian Heller and Associates, Lawyers
120 Adelaide Street West
Suite 2501
Toronto, ON
M5H 1T1

Attention: Julian Heller

Dear Sir:

Re: In the matter of the Receivership of Strellmax Ltd.

As you are aware, WeirFoulds LLP is counsel to Richter Advisory Group Inc., in its capacity as court appointed receiver (the "Receiver") of the property, assets and undertaking of Strellmax Ltd. ("Strellmax"). The Receiver was appointed pursuant to the order of the Honourable Madam Justice Conway made July 7, 2017 (the "Receivership Order"), a copy of which I enclose herewith for your reference.

I am writing in regards to your letter of August 29, 2017 to Daniel Korsunsky of the Receiver's office. I have been advised by the Receiver that your client, Accord Financial Ltd. ("Accord"), has been providing certain credit protection services (the "Services") to Strellmax providing protection against the possible insolvency of certain of Strellmax's Canadian customers pursuant to an agreement dated as of June 1, 2010 (the "Services Agreement"). As part of the Services Agreement, I understand that all customer payments of accounts receivable of Strellmax (including those not protected by the Services) are paid by Strellmax's customers into a bank account controlled by Accord (the "Controlled Account") and that pursuant to the Services Agreement, Accord is obligated to turn over those proceeds to Strellmax in accordance with the provisions of the Services Agreement.

I understand that the Receiver had requested that Accord turn over the funds in the Controlled Account (approximately Six Hundred and Twenty Thousand Canadian Dollars (\$620,000 CDN) and Seventy Five Thousand US Dollars (\$75,000 USD) as at the date of this letter (collectively the "Controlled Funds")) in accordance with Accord's obligations under the Services Agreement and the provisions of the Receivership Order, and Accord has refused to do so, purportedly on

the basis of its liability to Strellson AG under a Letter of Credit issued at the request of Strellmax and an alleged corresponding set-off entitlement against the Controlled Funds. I also understand that Accord has also refused to pay the Letter of Credit to Strellson AG, and so is owed no amounts by Strellmax.

Your client is in contempt of the Receivership Order. The Controlled Funds are and have at all times been the property of Strellmax at law, under the Services Agreement and within the meaning of the Receivership Order and Accord is and was obligated to turn the Controlled Funds over to the Receiver when asked by the Receiver to do so. Pursuant to the Receivership Order, and in particular, paragraphs 12, 17, 18, 19 and 22 thereof, your client is stayed and enjoined from withholding Strellmax's property under its control from the Receiver and is in clear violation of the Receivership Order by not turning over the Controlled Funds to the Receiver despite its specific request for the delivery of that Strellmax property.

On behalf of the Receiver, we hereby demand that Accord comply with its obligations under the Services Agreement and under the Receivership Order and immediately deliver the entirety of the Controlled Funds to Daniel Korsunsky in accordance with his previous request on behalf of the Receiver.

If the Receiver does not receive the Controlled Funds from Accord immediately we will be preparing motion materials to attend before a Commercial List judge to compel the delivery of the Controlled Funds by Accord and to obtain an Order for the payment by Accord of the Receiver's full costs of such recovery efforts.

Yours truly,

WeirFoulds LLP



Edmond Lamek

EL/dm

cc. Katherine Forbes, Richter Advisory Group
David Cohen, Gowling WLG

End.

10646293.1

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Julian Heller and Associates
Lawyers

01 0
120 Adelaide Street West
Toronto ON Canada M5H 1H1
T 416 564 2400 F 416 564 1179
www.julianheller.com

jheller@julianheller.com

VIA EMAIL elamek@weirfoulds.com

September 14, 2017

WEIRFOULDS LLP
TD Bank Tower
66 Wellington Street West
Suite 4100
Toronto, Ontario, M5K 1B7

Attention: Edmond R.B. Lamek

Dear Sir:

RE: Strellson AG vs. Strellmax Ltd.
Our Client: Accord Financial Ltd.
Our File No. 31117

I acknowledge receipt of your letter of August 31, 2017. As you are aware, I only returned to the office on September 11, 2017 at which time your correspondence was brought to my attention.

I enclose for your ease of reference a copy of my letter of August 18, 2017, to David Cohen and note that I have not received any response to that letter or any of the information requested therein.

I am advised by my client that it has in fact submitted \$75,455.79 US and a further \$69,115.79 CAD. I enclose a copy of the remittance reports dated as of September 13, 2017 in this regard.

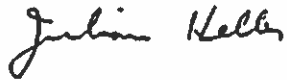
As my client has already advised, it is holding \$500,000.00 on account of the demand made upon it pursuant to the Letter of Credit. In addition, it is holding the further sum of \$50,000.00 on account of legal costs being incurred as a result of the issues which have arisen.

Given the competing claims for the funds, my client is only prepared to release the funds upon receiving the appropriate Full and Final Releases from all parties and an acknowledgment that it has no further obligations in this matter. I note that my suggestion to Ms. Burden Nixon that we have a telephone call on August 23 or 24 was never taken up. In the circumstances, there would not appear to be an immediate need for a motion to be brought unless it becomes clear that no satisfactory resolution in this matter can be arranged. In the meantime, my client will preserve the \$500,000.00 pending further court order or agreement amongst the parties. In the absence of either, any dealings with the funds will be on appropriate notice to all parties.

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If you do intend to proceed with scheduling further motions or proceedings in this matter, please discuss appropriate timing with me. As part of those proceedings I would be seeking delivery of the information requested in my letter of August 18, 2017.

Yours very truly,



JULIAN HELLER
JH/der
Enclosure
c.c. David Cohen

N:\HELLER\VA Accord Financial\Correspondence\Lamek.03.docx

VIA EMAIL

August 18, 2017

Gowling WLG (Canada) LLP
1 First Canadian Place
Suite 1600, 100 King Street West
Toronto, Ontario
M5X 1G5

Client: Strellson AG

Attention: David F.W. Cohen

Dear Sir:

RE: Strellson AG vs. Strellmax Ltd.
Our Client: Accord Financial Ltd.
Our File No. 31117

Further to your letter of August 15, 2017 to Accord Financial Ltd. ("Accord") I have now had an opportunity to conduct a preliminary review of this matter. Please provide me with a copy of the certificate referred to as being included in the "supporting documentation".

Furthermore, in order for my client to determine its position, we request the following information and documentation:

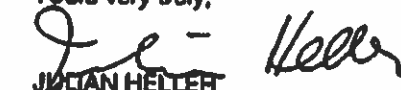
1. The full statement of account as between Strellson AG and Strellmax Ltd. from January 1, 2016 to date.
2. Shareholders Agreement between Strellson AG and Mark Allow, Adamray, and/or any related or affiliated companies in a new company which we understand has been incorporated to carry on the business of Strellmax in North America, which we understand is called Strellson North America Ltd. ("Strellson NA")
3. Copies of all communications and notes reflecting discussions or negotiations between Strellson AG and Strellmax Ltd., Mark Allow and Adamray or related parties with respect to arrangements to continue shipping product in 2016 and 2017, the decision to appoint a Receiver, and to incorporate Strellson NA and to carry on the business of Strellmax.
4. Documentation to reflect any dealings with Adamray or Allow's security in connection with Strellmax.
5. Employment agreement between Mark Allow and Strellson NA.
6. Copies of all invoices from Strellson AG to Strellmax from January 1, 2016 to date.
7. Identification and supporting documentation of the party making payment to Strellson AG set out in the statement of account referred to above.

3. Copies of any agreements between Strellson AG and Strellson NA.

In the circumstances, until we are in receipt of the information requested, my client will not be in a position to make any payment under the letter of credit. Furthermore, by copy of this letter to Adamray and Allow, this is formal notice that if my client is ultimately obliged to make payment under the letter of credit, it will seek full reimbursement from Adamray and Allow pursuant to the Subordination and Assignment Agreements dated March 1, 2016 and signed on March 6, 2016, copies of which are attached hereto.

Lastly, my client does not waive any of its rights and asserts its entitlement to be repaid by Strellmax any amounts which it may be called upon to pay.

Yours very truly,


 JULIAN HELLER
 JH/der
 Enclosures

c.c. **ADAMRAY INVESTMENTS**
 3725 Chesswood Drive,
 Toronto, Ontario, M3J 2P6
 Attention: Mark Allow
 Email: m.allow@strellson.ca

c.c Mark Allow
 29 Ridge Hill Drive
 Toronto, Ontario
 M6C 3A3

P.S. I also acknowledge receipt of Lella Burden Nixon's letter dated August 17, 2017. The version of the facts is not accepted, and the deadline in the circumstances is unrealistic. The subject of the letter of credit is not new and I suggest we schedule a telephone call for Tuesday, August 23 or Wednesday, August 24 to deal with this rather than exchange correspondence.

N:\HELLER\Accord Financial\Correspondence\Cohen.03.docx

SUBORDINATION AND ASSIGNMENT

To: Accord Financial Ltd.
77 Bloor Street West, Suite 1803
Toronto, Ontario
M5S 1M2

Date: March 1, 2016

Gentlemen:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby declares that STRELLMAX LTD. ("DEBTOR") is indebted to the undersigned in the amount of \$1,130,000 which the undersigned does hereby subordinate and postpone to any and all debts, demands, claims, liabilities or causes of action for which the DEBTOR may now or at any time hereafter in any way be liable to you. The undersigned further covenants and agrees with you that the DEBTOR shall not pay, and the undersigned will not accept payment of or assert or seek to enforce against the DEBTOR, any indebtedness now or hereafter owing by the DEBTOR in the undersigned or any collateral or security thereto appertaining, unless and until you have been paid in full and all such debts, claims, liabilities, demands or causes of action now or hereafter owing to you by the DEBTOR. As further security for the undertakings of the undersigned in that behalf, the undersigned hereby assigns to you any and all such indebtedness now or hereafter owing by the DEBTOR to the undersigned and to any and all collateral or security thereof; covenants and agrees to assign, endorse and deliver to and deposit with you any and all notes or other obligations or instruments evidencing any such indebtedness and all collateral thereto appertaining; hereby irrevocably authorizing you to collect, receive, enforce and accept any and all sums or distributions of any kind that may become due, payable or distributable on or in respect of such indebtedness, either principal or interest, or such collateral or security whether paid directly or indirectly by the DEBTOR, or paid or distributed in any bankruptcy, receivership, reorganization or dissolution proceedings or otherwise. The undersigned represents and warrants to you that the undersigned has not assigned or transferred any of the said indebtedness, and that any notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations will be endorsed with a proper notice of this agreement.

This agreement shall be construed in accordance with the laws of the Province of ONTARIO and is in addition to and not in substitution for any other undertakings, guarantees, or securities now held or that hereafter may be held by you or for your benefit and shall be binding upon the undersigned and the heirs, administrators, executors and assigns of the undersigned and shall inure to the benefit of your successors and assigns.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

Shelly
WITNESS
Name Shelly Ali
Address 28 Radial Street
Brampton, Ont. L6Y 5K7

ADAMRAY INVESTMENTS LTD.
Per: [Signature]
Name Mark Alton, President
Address 29 Ridge Hill Drive, Toronto, ON M6C 3A3

I HAVE AUTHORITY TO BIND THE CORPORATION

.....

ACKNOWLEDGEMENT

The DEBTOR named in the foregoing document hereby acknowledges receipt of notice hereof and of the assignment to ACCORD FINANCIAL LTD.

EXECUTED AT Toronto this 6th day of MARCH, 2016.

STRELLMAX LTD.
Per: [Signature]
Name Mark Alton, President

I HAVE AUTHORITY TO BIND THE CORPORATION

SUBORDINATION AND ASSIGNMENT

To: Accord Financial Ltd.
77 Bloor Street West, Suite 1803
Toronto, Ontario
M5S 1M2

Date: March 6, 2016

Gentlemen,

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby declares that STRELLMAX LTD. ("DEBTOR") is indebted to the undersigned in the amount of \$1,150,000 which the undersigned does hereby subordinate and postpone to any and all debts, demands, claims, liabilities or causes of action for which the DEBTOR may now or at any time hereafter in any way be liable to you. The undersigned further covenants and agrees with you that the DEBTOR shall not pay, and the undersigned will not accept payment of or assert or seek to enforce against the DEBTOR, any indebtedness now or hereafter owing by the DEBTOR to the undersigned or any collateral or security thereto appertaining, unless and until you have been paid in full and all such debts, claims, liabilities, demands or causes of action now or hereafter owing to you by the DEBTOR. As further security for the undertakings of the undersigned in that behalf, the undersigned hereby assigns to you any and all such indebtedness now or hereafter owing by the DEBTOR to the undersigned and to any and all collateral or security thereof, covenants and agrees to assign, endorse and deliver to and deposit with you any and all notes or other obligations or instruments evidencing any such indebtedness and all collateral thereto appertaining; hereby irrevocably authorizing you to collect, receive, enforce and accept any and all sums or distributions of any kind that may become due, payable or distributable on or in respect of such indebtedness, either principal or interest, or such collateral or security whether paid directly or indirectly by the DEBTOR, or paid or distributed in any bankruptcy, receivership, reorganization or dissolution proceedings or otherwise. The undersigned represents and warrants to you that the undersigned has not assigned or transferred any of the said indebtedness, and that any notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations will be endorsed with a proper notice of this agreement.

This agreement shall be construed in accordance with the laws of the Province of ONTARIO and is in addition to and not in substitution for any other undertakings, guarantees, or securities now held or that hereafter may be held by you or for your benefit and shall be binding upon the undersigned and the heirs, administrators, executors and assigns of the undersigned and shall ensure to the benefit of your successors and assigns.

EXECUTED AT Toronto this 6th day of March, 2016.

MARK ALTOW

Selli
WITNESS
Name Shelly Ali
Address 28 Radial St.
Beaconsfield, Ont. L6Y 5K7

Per: [Signature]
Name Mark Altow
Address 29 Rike Hill Drive, Toronto, ON M6C 3A3
Birthdate: 5/11/22/1962

.....
ACKNOWLEDGEMENT

The DEBTOR named in the foregoing document hereby acknowledges receipt of notice hereof and of the assignment to ACCORD FINANCIAL LTD.

EXECUTED AT Toronto this 6th day of March, 2016.

STRELLMAX LTD.

Per: [Signature]
Mark Altow, President

I HAVE AUTHORITY TO SIGN THIS INSTRUMENT

**Electronic Funds Transfer
Payments Sent to Bank Detail Report
September 13, 2017**

File Summary

File Number: 2921
 From Company: ACCORD FINANCIAL LTD
 Credit Payments: 1
 Credit Amount: \$75,455.79

Date/Time: 09/05/2017 02:01
 Originator ID: TLANK11041 USD
 Debit Payments: 0
 Debit Amount: \$0.00

File Status: Accepted
 Total Payments: 1

Group Details

Group: Input
 Frequency: No Frequency Assigned
 Company Name: ACCORD FINANCIAL LTD

Payment Type: Credit
 Due Date: 09/05/2017
 Return Account: 000:1101205127103-02

Payments: 1
 Total Amount: \$75,455.79
 Last Modified By: JPAULA

Name: STHELMAX LTD (USD)
 Reference: 2221551
 Due Date: 09/05/2017
 Amount: \$75,455.79
 Bank-Transfer-Account: 1000:17342.294746118

**Electronic Funds Transfer
Payments Sent to Bank Detail Report
September 13, 2017**

File Summary

File Number: 3439 Date/Time: 09/05/2017 02:01
 From Company: ACC (HID) FINANCIAL LTD Originator ID: TVAUUC1040 CAD
 Credit Payments: 1 Debit Payments: 0
 Credit Amount: \$49,115.79 Debit Amount: \$0.00

Group Details

Group: Import Payment Type: Credit
 Frequency: No Frequency Assigned Use Date: 09/05/2017
 Company Name: ACCORD FINANCIAL LTD Return Account: 0004 11043 05120115617

Name: STRELLMAN LTD Reference: 2122552# Due Date: 09/05/2017 Amount: \$49,115.79
 Bank-Transfer-Account: 1000 11543 5266433


File Status: Accepted
 Total Payments: *

Payments: 1
 Total Amount: \$49,115.79
 Last Modified By: JFALLA

TAB F

00001

This is Exhibit "F" referred to in the
Affidavit of JIM BATES
sworn before me this 27th day of
October, 2017


A Commissioner for taking Affidavits etc.

strellson

0000

July 9, 2017

To all our wholesale partners in Canada and
the United States of America

STRELLSON TO SET UP NEW SUBSIDIARY FOR NORTH AMERICA IN TORONTO

Dear Partners,

Please be informed that on July 7, 2017, Richter Advisory Group Inc. was appointed Receiver of Strellmax Ltd. ("Strellmax"). However, I am pleased to advise that at that same time, the wholesale division assets of Strellmax were sold to Strellson North America Ltd. ("Strellson NA"), a new partnership between Strellson AG and our long-time distributor, Mark Allow who assumes the position of CEO.

We want to ensure all our customers that Strellmax NA will provide the undisrupted supply of all of your Fall/Winter Strellmax orders, Strellson is committed to the Canadian and US markets and this newly formed subsidiary only strengthens our commitment and support.

Although our wholesale division will effectively be unaffected, Strellmax will be closing selected retail stores in this process.

We look forward to maintaining and strengthening our relationship with you.

We regret not being able to inform each of you personally, but in order to advise you as soon as possible we have sent this email.

Mark will be contacting each of you over the next several days to expand on our comments. However, if you have any questions in the interim, please do not hesitate to contact either Mark (m.allow@strellson.ca, Cell +1 416 567 7800) or Marcel (marcel.braun@strellson.com) directly.

Best regards
Strellson North America Ltd.



Marcel Braun
Chairman of the Board Strellson North America Ltd.
CEO Strellson AG, Switzerland



Mark Allow
CEO Strellson North
America Ltd.

TAB G

This is Exhibit "G" referred to in the
Affidavit of JIM BATES
sworn before me this 27th day of
October, 2017

A Commissioner for taking Affidavits etc.

RICHTER

July 19, 2017

Attention: Ermanno Pennachio
 Delivered via email : ermannop@ermannoco.com

Ermanno Clothing For Men
 3279 Yonge Street
 Toronto, ON M4N 2L8
 Canada

RE: Amounts owing to Strellmax Ltd. ("Strellmax")

Dear Mr. Pennachio,

Please be advised that on July 7, 2017, Richter Advisory Group Inc. ("Richter") was appointed as receiver (the "Receiver") of all of the assets, undertakings and properties (the "Property") of Strellmax pursuant to an order of the Superior Court of Justice, Commercial List (the "Receivership Order"). Pursuant to the Receivership Order, the Company remains in possession and control of the Property and shall remain in day to day operation and control of the business. The terms of the appointment are set out in the Receivership Order, which can be obtained from the Receiver's website at www.richter.ca/en/folder/insolvency-cases/s/strellmax-ld. We are writing to you in our capacity as Receiver.

The Receiver has, amongst other things, the power to control treasury assets, including all of Strellmax's receipts and disbursements, as outlined in the terms of the Receivership Order.

OUTSTANDING BALANCE

According to the Company's books and records, a balance is owing to Strellmax in the amount of \$16,461.92 (the "Balance") in respect of the following invoices (enclosed):

Invoice #	Amount Outstanding
45044	230.88
44929	1,130.90
44886	3,181.18
44851	11,918.96
TOTAL	\$16,461.92

Please send payment of the Balance. You can direct your payment to Strellmax in the normal course, or if you prefer, mail payment to Strellmax Ltd. c/o the Receiver at the address below. If you customarily pay by wire, please continue to pay in the normal course.

Attn: Daniel Korsunsky
 Richter Advisory Group Inc.
 181 Bay Street, 33rd Floor
 Toronto, ON M5J 2T3

If you have any questions with respect to any of the matters referred to in this letter, please contact:

Daniel Korsunsky, CPA, CA
 T.416.488.2345 - 2234
DKorsunsky@Richter.ca

Richter Advisory Group Inc.
 181 Bay Street, 33rd Floor
 Toronto, ON M5J 2T3
www.richter.ca

Montréal, Toronto, Chicago



Please note that your immediate attention to the foregoing is requested and we thank you in advance for your cooperation.

Yours very truly,

**RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS RECEIVER OF
STRELLMAX LTD.
AND NOT IN ITS PERSONAL CAPACITY**

Per. Katherine Forbes

**Katherine Forbes
Vice President
kforbes@richter.ca
416.785.1151**

TAB H

This is Exhibit "H" referred to in the
Affidavit of JIM BATES,
sworn before me this 27th day of
October, 2017

E. Brad A. attorney

A Commissioner for taking Affidavits etc.

000060

PAYMENT TYPE
DOCUMENT CODE
 1 OR 4 INVOICE
 2 OR 5 CLAIM
 3 OR 6 OUR ADJUSTMENT
 7 OR 9 CASH

Please Note: All claims and for inquiries regarding chargebacks and all proofs of delivery on outbound shipments must be filed IN WRITING with our Vendor Relations Department at 250 Highland Park Blvd. Wilkes Barre, PA 18702, no later than 180 days from the date of the chargeback. Failure to submit claims or inquiries within the aforementioned time period will constitute a complete and final waiver by the vendor with respect to the substance of such claims or inquiries.

STORE CODES

001-NEW YORK
 002-MANHASSET
 003-WESTONSTER
 004-WEST FARMS
 005-SALA CITY
 006-SARASOTA
 007-CREVE COEUR
 008-ANNAPOLIS
 009-BIRMINGHAM
 010-BOSTON
 011-STAMFORD
 012-OKLAHOMA
 013-BAY SHORE
 014-GARDEN STATE
 015-NORTH WOODS
 016-NORTH HAVEN
 017-LAKE FOREST
 018-LAKESIDE
 019-THIRTY OAKS
 020-WASHINGTON
 021-WOODBRIDGE
 022-NORTH SHORE
 023-NORTH WESTMAN
 024-MILWAUKEE
 025-PALM BEACH
 026-LINDSEY
 027-BOCA RATON

028-FAIR OAKS
 029-LIVINGSTON
 030-ROCKAWAY
 031-BRIDGEMAN
 032-WESTFIELD
 033-TYSONS CORNER
 034-MERIDEN
 035-QUAKERTOWN
 036-FRENCH
 037-BALTIMORE
 038-MITCHELL
 039-TRUMBULL
 040-OLD ORCHARD
 041-MATIX
 042-ALBANY
 043-CARROLL
 044-WOODFIELD
 045-BAVINGTON
 046-KING OF PRUSSIA
 047-ROCKINGHAM
 048-BRIDGEMAN
 049-COLUMBIA
 050-WOODSTOWN
 051-SPRINGFIELD
 052-WESTBURY
 053-JERSEY GARDENS
 054-GREAT LAKES CROSSING OUTLET
 055-INTERMOUNT

DEDUCTION CODES
 87 - COLLECT FREIGHT
 89 - PFD FREIGHT
 90 - RETURN
 91 - ADVERTISING
 92 - OVERCHARGE
 93 - SHORTAGE
 94 - ROUTING VIOLATION
 95 - FOB OR PFA TO D.C
 96 - COLLECT & CHARGEBACK
 97 - FREIGHT ALLOWANCE
 98 - VENDOR ALLOWANCE/DEMO
 99 - MISCELLANEOUS ADJUSTMENT

LORD & TAYLOR 250 Highland Park Blvd. Wilkes-Barre, PA 18702

DOCUMENT / INVOICE #		ACCOUNT NO.		T	Y	SEP	GROSS COST	DISCOUNT		NET COST
NUMBER	DATE	STORE	OPT					PERCENT	DISC AMT	
210	8097	80117	8017	90	08000002	5	33500			33500
1	8047	45128	7317	1393		1	3711200	2.0	74224	3636976
TOTALS							3677700		74224	3603476

VENDOR NO.
249096165A

DATE
09/10/17

CHECK NO.
852525

SEE ABOVE FOR CODE KEYS



VENDOR NO.
249096165A

DATE
09/10/17

CHECK NO.
00852525

Bank of America

52-153
112

250 HIGHLAND PARK BLVD.
WILKES-BARRE, PA 18702

PAY TO THE ORDER OF
 ACCORD FINANCIAL LTD
 77 BLOOR STREET W#1803
 TORONTO ON M5S1M2

NOT VALID AFTER 180 DAYS
 \$*****36,034.76

STRELLSON NORTH AMERICA LTD

#852525# 00112015390 00802 21427M



TAB I

This is Exhibit "I" referred to in the
Affidavit of JIM BATES
sworn before me this 27th day of
October, 2017


A Commissioner for taking Affidavits etc.

000062



Julian Heller and Associates
Lawyers

120 Adelaide Street West
Toronto ON Canada M5H 1H1
T 416 364 2404 F 416 310 1079
www.julianheller.com

jheller@julianheller.com

VIA EMAIL AND COURIER

October 25, 2017

Gowling WLG (Canada) LLP
1 First Canadian Place
Suite 1600, 100 King Street West
Toronto, Ontario
M5X 1G5

Client: Strellson AG

Attention: David F.W. Cohen

Dear Sir:

RE: Strellson AG vs. Strellmax Ltd.
Our Client: Accord Financial Ltd.
Our File No. 31117

In response to the written demand under the Letter of Credit dated August 15, 2017, and your correspondence dated August 17, 2017 and my responses thereto dated August 17, 2017, August 18, 2017, August 29, 2017 (to Receiver) and September 14, 2017 (to Receiver) I enclose herewith my client's cheque/bank draft in the amount of \$1.00 in response to the demand made by you under the Letter of Credit. This payment is on a without prejudice basis including as to Accord's rights to refuse further payments under the Letter of Credit, if necessary, or otherwise, and to have such rights determined by the court in due course if not resolved by agreement between the parties.

Yours very truly,

JULIAN HELLER
JH/der
Enclosure

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This document contains security features / Ce document contient des caractéristiques de sécurité

TD CANADA TRUST
Commercial Banking Centre
77 Bloor St. W. at Bay Street
Toronto, Ontario M5S 1A2

CDN DOLLAR E 061052

61052
DATE M M D D Y Y Y Y
OCT 25, 2017

One and 00/100 Dollars

\$ *****\$1.00

PAY/PAYEZ

Strellson AG
ATT: Julian Heller

ACCORD FINANCIAL LTD. / FINANCIERE ACCORD LIEE

PER/PAR

S. Adams

PER/PAR

La...

TO: ORDER ON

⑈061052⑈ ⑆11042⑈004⑆ 0512⑈5239688⑈



CDN DOLLAR E 061052

1.00

Memo:

10/25/17 61052 Strellson AG

\$1.00

000064



Julian Heller and Associates
Lawyers

Suite 2101
120 Adelaide Street West
Toronto ON Canada M5H 1H7
T 416 364 2404 F 416 364 0793
www.julianheller.ca

jheller@julianheller.com

VIA EMAIL clamek@weirfoulds.com

October 25, 2017

WEIRFOULDS LLP
TD Bank Tower
66 Wellington Street West
Suite 4100
Toronto, Ontario, M5K 1B7

Attention: Edmond R.B. Lamek

Dear Sir:

RE: Strellson AG vs. Strellmax Ltd.
Our Client: Accord Financial Ltd.
Our File No. 31117

Please find enclosed copy of correspondence sent to counsel for Strellson AG.

As you can see, Accord has now made a \$1.00 payment in response to the demand under the Letter of Credit on a without prejudice basis. This triggers the repayment obligation by Strellmax for the full amount of the Letter of Credit. Accordingly, please remit such payment out of the funds held by the Receiver forthwith failing which my client will set off the amounts claimed against the amounts currently being held by it.

Yours very truly,

JULIAN HELLER
JH/der
Enclosures

c.c. Danny Nunes
c.c. David Cohen/Cliff Cole/Frank Lamie

N:\HELLER\VA\Accord Financial\Correspondence\Lamek.05.docx

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Julian Heller and Associates
Lawyers

Suite 210
120 Adelaide Street West
Toronto, Ontario Canada M5H 1P1
T 416 364 2404 F 416 364 0793
www.julianheller.ca

jheller@julianheller.com

VIA EMAIL AND COURIER

October 25, 2017

Gowling WLG (Canada) LLP
1 First Canadian Place
Suite 1600, 100 King Street West
Toronto, Ontario
M5X 1G5

Client: Strellson AG

Attention: David F.W. Cohen

Dear Sir:

RE: Strellson AG vs. Strellmax Ltd.
Our Client: Accord Financial Ltd.
Our File No. 31117

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Yours very truly,

JULIAN HELLER
JH/der
Enclosure

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1-800-967-0015

This document contains security features / Ce document contient des caractéristiques de sécurité

TD CANADA TRUST
Commercial Banking Centre
77 Street St. W. at Bay Street
Toronto, Ontario M5S 1M2

CON DOLLAR E 061052

61052
DATE M N O D Y Y Y Y
OCT 25, 2017

One and 00/100 Dollars

\$ *****\$1.00

PAY/PAYEZ

Strellson AG
ATT: Julian Heller

ACCORD FINANCIAL LTD / FINANCIÈRE ACCORD LIÉ

PER/PAR

S. Adams

PER/PAR

Julian Heller

TO BE OPENED ON THE FRONT SIDE

⑆061052⑆ ⑆11042⑆004⑆ 0512⑆5239688⑆



Sundry Assets USD

CON DOLLAR E 061052

1.00

Memo:

10/25/17 61052 Strellson AG

\$1.00

STRELLSON AG
Applicant

and

STRELLMAX LTD.
Respondent

Court File No. CV-17-11864-00CL

APPLICATION UNDER section 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

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

CROSS- MOTION RECORD OF
ACCORD FINANCIAL LTD.

JULIAN HELLER AND ASSOCIATES
Lawyers
120 Adelaide Street West
Suite 2501
Toronto, Ontario
M5H 1T1

Julian Heller (LSUC#25377P)
Tel (416) 364-2404
Fax (416) 364-0793
Email: jheller@julianheller.com

Lawyers for Accord Financial