



Court File No. **VLC-S-S-196066**
No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

CANADIAN IMPERIAL BANK OF COMMERCE

PLAINTIFF

AND

VINCO HOLDINGS LTD AND WATERWAY HOUSEBOATS LTD.

DEFENDANTS

NOTICE OF APPLICATION

Name(s) of applicant(s): The Plaintiff, Canadian Imperial Bank of Commerce

To: The Defendants, Vinco Holdings Ltd. and Waterway Houseboats Ltd.

TAKE NOTICE that an application will be made by the applicant to the presiding judge or master at the courthouse at 800 Smithe Street, Vancouver, BC on Tuesday, June 11, 2019 at 9:45 am for the order set out in Part 1 below.

Part 1: ORDER(S) SOUGHT

1. An Order substantially in the form attached hereto as **Schedule "A"** appointing Alvarez & Marsal Canada Inc. ("**Alvarez & Marsal**") as Receiver of Vinco Holdings Ltd. ("**Vinco**") and Waterway Houseboats Ltd. ("**Waterway Houseboats**", together with Vinco, the "**Defendants**").

Part 2: FACTUAL BASIS

Introduction

1. The Canadian Imperial Bank of Commerce ("**CIBC**") provided a demand loan to Vinco pursuant to a Credit Agreement dated December 8, 2011 (together with all amendments thereto, the "**Credit Agreement**"). An amount of approximately \$8 million is owed to CIBC by

Vinco. Waterway Houseboats has guaranteed Vinco's obligations to CIBC under the Credit Agreement.

2. CIBC is the primary secured lender to the Defendants and holds a first ranking charge on the vast majority of the Defendants' assets.

3. Vinco owns three pieces of real property in Sicamous, B.C. These parcels include a waterfront property (the "**Mervyn Road Property**") that is rented by Waterway Houseboats to operate a houseboat rental business.

4. The Defendants' obligations to CIBC under the Credit Agreement and related agreements are secured by, among other things, mortgages over the three properties located in British Columbia owned by Vinco, including the Mervyn Road Property, as well as general security agreements in favour of CIBC over the personal property of both Vinco and Waterway Houseboats.

5. Vinco has been in default of its obligations under the Credit Agreement for over six months. Notwithstanding such defaults, and at the request of the Defendants, CIBC refrained from taking enforcement steps and has allowed the Defendants months to explore potential solutions to their financial difficulties and to cure the various defaults under the Credit Agreement, including by entering into a forbearance agreement (the "**Forbearance Agreement**") with the Defendants earlier this year.

6. Recent material adverse changes have negatively impacted the Defendants' business and future outlook. In particular, the financial circumstances of the Defendants have not improved and in fact have further deteriorated. Recent financial forecasts provided by the Defendants to CIBC indicate that a material cash flow deficiency will occur in the Defendants' business in the coming weeks and months, with no apparent prospect for the significant further funding that would be needed in the circumstances.

7. CIBC has determined that the only option available to it is to seek the appointment of a Receiver.

The CIBC Loan

8. The loan provided to Vinco pursuant to the Credit Agreement is a demand loan. The facilities available to Vinco under the Credit Agreement are as follows:

CREDIT	DATE ADDED	PURPOSE	CONDITIONS	AMOUNT OWING (as at May 14, 2019)
Credit A: Demand Revolving Loan	December 8, 2011	To finance normal working capital requirements from time to time.	As of November 30 of 2018, the Credit Limit must reduce to \$1,000,000. A "clean-up" period applies to this facility, where the account must be in a credit balance for at least 5 consecutive days during any calendar year.	\$1,765,298.93
Credit B: Demand Installment Loan	December 8, 2011	To refinance existing Bank of Montreal loans.		\$2,000,698.56
Credit C: Demand Installment Loan	December 8, 2011	To finance the extension of a sewer line.		\$421,078.52
Credit D: Demand Installment Loan	December 8, 2011	To finance the extension of the dock facility on Vinco's property.		\$449,782.22
Credit E: Demand Installment Loan	November 10, 2014	To recapitalize the Demand Revolving Loan (Credit A) for non-recurring 2012 floor related capital expenditures, losses and expenses.	The net proceeds of the lawsuit settlement related to the 2012 flood (as described below), after repayment of 2012 accounts payable to boat owners, will be applied to a permanent reduction of this loan.	\$1,636,358.35

CREDIT	DATE ADDED	PURPOSE	CONDITIONS	AMOUNT OWING (as at May 14, 2019)
Credit F: Demand Installment Loan	November 18, 2015	To finance capital expenditures.		\$1,500,273.45
Credit G: Demand Installment Loan	July 4, 2018	To finance the purchase of the houseboat vessel Penelope.		\$195,822.00
TOTAL:				\$7,969,327.03

9. The Credit Agreement includes, among others, the following covenants:
- (a) Adjusted Fixed Charge Coverage Ratio: Vinco's adjusted fixed charge coverage ratio is not to be less than 1.20:1, tested annually based on the combined income of the Defendants and any related holding company as designated by CIBC; and
 - (b) Capital Withdrawals: There will be no capital withdrawals by either of the Defendants without CIBC's prior consent.
10. In this Notice of Application, all funds advanced to Vinco pursuant to the Credit Agreement, plus interest accrued thereon from such date at the applicable rates, together with all applicable costs, expenses and charges, including but not limited to legal and other fees incurred by or on behalf of CIBC pursuant to the Credit Agreement, the Forbearance Agreement and other agreements between the Defendants and CIBC shall be referred to as the "**Loan**".
11. Waterway Houseboats has granted CIBC an unlimited guarantee dated November 29, 2010, to secure Vinco's obligations to CIBC under the Credit Agreement (the "**Guarantee**").

Security Under the Credit Agreement

12. As is described in the Credit Agreement, the Defendants have also granted CIBC certain security to secure Vinco and Waterway Houseboats' obligations to CIBC under the Credit Agreement and the Guarantee. This security includes:
- (a) a Security Agreement dated November 29, 2010, granting CIBC security in all of Vinco's present and after-acquired personal property and Crown License of Occupation 344093 (the "**Vinco GSA**");

- (b) a Mortgage and Assignment of Rents dated November 29, 2010, granting CIBC security in the amount of \$7,000,000 in the Mervyn Road Property;
- (c) a Mortgage of License of Occupation dated November 29, 2010, granting CIBC security in Vinco's interest in Crown License of Occupation 344093; and
- (d) a Security Agreement dated November 29, 2010, granting CIBC security in all of Waterway Houseboat's present and after-acquired personal property (the "**Waterway GSA**").

Defaults of Vinco and Agreement to Forbear

13. In late 2018 CIBC became aware that Vinco was in default of its obligations under the Credit Agreement. The defaults that CIBC was aware of included:

- (a) making capital advances without CIBC's prior consent to fund the operation of two other businesses run by Mr. John Vinje, Vinco's principal;
 - (b) failing to maintain an Adjusted Fixed Charge Coverage Ratio of not less than 1.20:1;
 - (c) failing to make certain required payments of interest and bank fees on Credit A, which had caused this facility to become overdrawn;
 - (d) failing to reduce the balance of Credit A to \$1,000,000 as of November 30, 2018; and
 - (e) failing to have a "clean-up" period on Credit A during 2018
- (collectively, the "**Defaults**").

14. The Defendants have been aware of the Defaults for approximately six months, or longer, and have not remedied the Defaults. The Defaults are ongoing.

15. CIBC worked with the Defendants and their various advisors in January and February of 2019 to negotiate and execute the Forbearance Agreement.

16. Key terms of the Forbearance Agreement include the following:

- (a) the Defendants acknowledged the occurrence of the Defaults;
- (b) the Defendants acknowledged and agreed that the amount owing to CIBC under the Loan was \$8,343,860.81 as of February 28, 2019;
- (c) the Defendants acknowledged that they have no defences to CIBC's claims or rights under or in respect of the Credit Agreement, the Guarantee, or the security granted to CIBC, and agreed that no such defences can or will be raised;

- (d) the Defendants confirmed that the security granted by each of them to CIBC and as described in the Credit Agreement is valid and enforceable and secures their obligations to repay the Loan to CIBC;
- (e) the Defendants covenanted to provide CIBC with information on their attempts to raise capital and cash flow forecasts for their business; and
- (f) CIBC agreed to forbear from realizing on its security as a result of the Defaults until June 30, 2019, unless an event of default under the Forbearance Agreement or a material adverse change in the affairs of the Defendants occurs.

17. The terms of the Forbearance Agreement did not alter the demand nature of the Loan provided to Vinco under the Credit Agreement.

18. The Defendants also granted CIBC additional security under the Forbearance Agreement. This additional security included:

- (a) a further mortgage on the Mervyn Road Property in the amount of \$3,000,000, for a total of \$10,000,000;
- (b) two further mortgages in the amount of \$1,000,000 each on the two additional properties owned by Vinco in Sicamous, B.C.; and
- (c) to the extent not already provided for in the security granted pursuant to the Credit Agreement, marine mortgages on the nine houseboats owned by Waterway Houseboats.

Subsequent Events

19. Since the execution of the Forbearance Agreement, a number of subsequent events have occurred that CIBC views as highly detrimental to the Defendants' ability to continue their business. CIBC has determined that the following material adverse changes have occurred in the business affairs of the Defendants:

- (a) firstly, the damages awarded to the Defendants in an ongoing litigation regarding a flood at the Mervyn Road Property were in an amount significantly less than what was claimed by the Defendants in that litigation;
- (b) secondly, the number of upcoming houseboat bookings and expected revenue for the remainder of this year is materially lower than anticipated by the Defendants and contemplated in the cash flow forecasts prepared by the Defendants and presented to CIBC; and
- (c) thirdly, as indicated in the cash flow forecasts provided to CIBC by Vinco, there is a material shortfall in the cash position of the Defendants anticipated to occur in the coming weeks.

20. CIBC has determined that it can no longer forbear on its right to enforce its security given these material adverse changes. On May 14, 2019, CIBC issued a demand for the full amount outstanding under the Loan, along with section 244 notices pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**").

Part 3: LEGAL BASIS

1. The *Law and Equity Act*, R.S.B.C. 1996, c. 253, allows for the appointment of a Receiver where it is just and convenient.

2. Section 243 of *BIA* similarly provides for the appointment of a Receiver on that basis. Specifically, on application by a secured creditor, the court is empowered to appoint a Receiver or do any of the following if it considers it just and convenient to do so:

- (a) take possession of all or substantially all of the inventory, accounts receivable or other property of an insolvent person or bankrupt that was acquired for or used in relation to a business carried on by the insolvent person or bankrupt;
- (b) exercise any control that the court considers advisable over that property and over the insolvent person's or bankrupt's business; or
- (c) take any other action that the court considers advisable.

3. In considering whether it is just and convenient to appoint a Receiver, courts may assess a variety of factors, including the following:

- (a) whether irreparable harm might be caused if no order were made, although it is not essential for a creditor to establish irreparable harm if a receiver is not appointed, particularly where the appointment of a receiver is authorized by the security documentation;
- (b) the nature of the property;
- (c) the balance of convenience to the parties;
- (d) the fact that the creditor has the right to appoint a Receiver under the documentation provided for the loan;
- (e) the consideration of whether a court appointment is necessary to enable the receiver to carry out its duties more efficiently;
- (f) the effect of the order upon the parties;
- (g) the conduct of the parties;

- (h) the length of time that a receiver may be in place;
- (i) the cost to the parties;
- (j) the likelihood of maximizing return to the parties; and
- (k) the goal of facilitating the duties of the Receiver.

Maple Trade Finance Inc. v. CY Oriental Holdings Ltd., 2009 BCSC 1527 at para. 25 [Maple Trade]; *Textron Financial Canada Ltd. v. Chetwynd Motels Ltd.*, 2010 BCSC 477 at paras. 50, 55

4. The right of a secured credit to apply for a Receiver under the applicable security agreement provides a “strong factor” in support of the imposition of a receiver.

Maple Trade at para. 26

5. It is just and convenient in the present circumstances to appoint a Receiver over the Defendants on the terms sought by CIBC for, *inter alia*, the following reasons:

- (a) the Defendants are indebted to CIBC for approximately \$8 million and have defaulted on their obligations to CIBC under the Credit Agreement and other related agreements;
- (b) CIBC is the primary secured creditor of the Defendants;
- (c) CIBC has given the Defendants over six months to seek additional funding for their business;
- (d) cash flow forecasts provided by the Defendants indicate that their business will suffer a material cash shortfall in the coming weeks;
- (e) the appointment of the Receiver is necessary to protect CIBC’s security interest, limit its losses, and prevent further dissipation of the Defendants’ assets;
- (f) CIBC is entitled to enforce its contractual rights under the Vinco GSA, the Waterway GSA, and the Forbearance Agreement by applying to court for the appointment of a Receiver;
- (g) the nature of the property and business requires the appointment of a Receiver to properly attend to the assets and the business operations;
- (h) the balance of convenience favours the appointment of a Receiver; and
- (i) the appointment of a Receiver will protect the interests of all stakeholders.

6. CIBC therefore asks that this Court appoint Alvarez & Marsal as Receiver over the Defendants.

Part 4: MATERIAL TO BE RELIED ON

1. Affidavit #1 of Supriya Sarin, made May 27, 2019; and
2. Such further materials as counsel may advise and as this Honourable Court may permit.

The applicant estimates that the application will take 30 minutes.

This matter is not within the jurisdiction of a master.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this notice of application, you must, within 5 business days after service of this notice of application or, if this application is brought under Rule 9-7, within 8 business days after service of this notice of application,

- (a) file an application response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:
 - (i) a copy of the filed application response;
 - (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
 - (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: 5/27/2019



Signature of lawyer for applicant
Peter Rubin

To be completed by the court only:

Order made

in the terms requested in paragraphs of Part 1 of this notice of application

with the following variations and additional terms:

Date: _____

Signature of Judge Master

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- discovery: comply with demand for documents
- discovery: production of additional documents
- extend oral discovery
- other matter concerning oral discovery
- amend pleadings
- add/change parties
- summary judgment
- summary trial
- service
- mediation
- adjournments
- proceedings at trial
- case plan orders: amend
- case plan orders: other
- experts

SCHEDULE "A"

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

THE CANADIAN IMPERIAL BANK OF COMMERCE

Plaintiff

- and -

WATERWAY HOUSEBOATS LTD. and VINCO HOLDINGS LTD

Defendants

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF
THE DEBTORS

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)
JUSTICE _____) _____,2019
)
)

ON THE APPLICATION of the Canadian Imperial Bank of Commerce (the "Applicant") for an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing **Alvarez & Marsal Canada Inc.** as **Receiver** (in such capacity, the "Receiver") without security, of all of the assets, undertakings and property of **Vinco Holdings Ltd. and Waterway Houseboats Ltd.** (the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, coming on for hearing this day at Vancouver, British Columbia.

AND ON READING the Affidavit #1 of **Supriya Sarin** sworn May 27, 2019 and the consent of **Alvarez and Marsal Canada Inc.** to act as the Receiver; AND ON HEARING **Peter Rubin**, Counsel for the Applicant and other counsel as listed on Schedule "A" hereto, and no one else appearing, although duly served.

THIS COURT ORDERS AND DECLARES that:

APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA **Alvarez & Marsal Canada Inc.** is appointed Receiver, without security, of all of the assets, undertakings and property of the Debtors, including all proceeds (the “**Property**”).

RECEIVER’S POWERS

2. The Receiver is empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;
 - (c) to manage, operate and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including, without limitation, those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting these amounts, including, without limitation, enforcement of any security held by the Debtors;
 - (g) to settle, extend or compromise any indebtedness owing to the Debtors;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver’s name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
 - (i) to undertake environmental or workers’ health and safety assessments of the Property and operations of the Debtors;

- (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the Debtors, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;
 - (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate;
 - (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of a single transaction for consideration up to **\$500,000**, provided that the aggregate consideration for all such transactions does not exceed **\$ 1,000,000**; and
 - (ii) with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above,
- and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;
- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;
 - (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;
 - (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
 - (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtors;
 - (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
 - (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
 - (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. Each of (i) the Debtors; (ii) all of the Debtors' current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (collectively, "**Persons**" and each a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
4. All Persons, other than governmental authorities, shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "**Records**") in that Person's possession or control. Upon request, governmental authorities shall advise the Receiver of the existence of any Records in that Person's possession or control.
5. Upon request, all Persons shall provide to the Receiver or permit the Receiver to make, retain and take away copies of the Records and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities, provided however that nothing in paragraphs 4, 5 or 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to solicitor client privilege or statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by an independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may require including, without limitation, providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

7. No proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

8. With the exception of any Proceedings in either the British Columbia Court of Appeal (including Action Nos. CA46086, CA46088, CA46089 and CA46092) or the Supreme Court of British Columbia brought by or against the Debtors in relation to the Reasons for Judgment dated April 16, 2019 of Justice Weatherill in *Waterway Houseboats Ltd. v. British Columbia*, 2019 BCSC 581 (Action No. S103630), no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtors and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

9. All rights and remedies (including, without limitation, set-off rights) against the Debtors, the Receiver, or affecting the Property, are stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this Order shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors is not lawfully entitled to carry on, (ii) affect the rights of any regulatory body as set forth in section 69.6(2) of the BIA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. This stay and suspension shall not apply in respect of any “eligible financial contract” as defined in the BIA.

NO INTERFERENCE WITH THE RECEIVER

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court. Nothing in this Order shall prohibit any party to an eligible financial contract from closing out and terminating such contract in accordance with its terms.

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services,

payroll services, insurance, transportation services, utility or other services to the Debtors are restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable, in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post-Receivership Accounts**") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

13. Subject to the employees' right to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities of the Debtors, including any successor employer liabilities as referred to in Section 14.06(1.2) of the BIA, other than amounts the Receiver may specifically agree in writing to pay or in respect of obligations imposed specifically on receivers by applicable legislation, including sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47. The Receiver shall be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit amounts relating to any employees that the Receiver may hire in accordance with the terms and conditions of such employment by the Receiver.

PERSONAL INFORMATION

14. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 or Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, the Receiver may disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete

a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. Nothing in this Order shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release, or deposit of a substance contrary to any federal, provincial or other law relating to the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination (collectively "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation.
16. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Receiver is actually in possession.
17. Notwithstanding anything in federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arises or environmental damage that occurred:
 - (a) before the Receiver's appointment; or,
 - (b) after the Receiver's appointment, unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
18. Notwithstanding anything in federal or provincial law, but subject to paragraph 17 of this Order, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, if the Receiver complies with the BIA section 14.06(4), the Receiver is not personally liable for the failure to comply with the order and is not personally liable for any costs that are or would be incurred by any Person in carrying out the terms of the order.

LIMITATION ON THE RECEIVER'S LIABILITY

19. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
 - (a) any gross negligence or wilful misconduct on its part; or

- (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

Nothing in this Order shall derogate from the protections afforded the Receiver by Section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

20. The Receiver and its legal counsel, if any, are granted a charge (the "**Receiver's Charge**") on the Property as security for the payment of their fees and disbursements, in each case at their standard rates, in respect of these proceedings, whether incurred before or after the making of this Order. The Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
21. The Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are referred to a judge of the Supreme Court of British Columbia and may be heard on a summary basis.
22. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

23. The Receiver is authorized and empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$1,000,000 or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as the Receiver deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.
24. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.
25. The Receiver is authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "**Receiver's Certificates**") for any amount borrowed by it pursuant to this Order.

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

ALLOCATION

27. Any interested party may apply to this Court on notice to any other party likely to be affected for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the Property.

SERVICE AND NOTICE OF MATERIALS

28. The Receiver shall establish and maintain a website in respect of these proceedings at: www.alvarezandmarsal.com/Waterway (the "**Website**") and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
29. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the Applicant a demand for notice in the form attached as Schedule B (the "**Demand for Notice**"). The Receiver and the Applicant need only provide further notice in respect of these proceedings to Persons that have delivered a properly completed Demand for Notice. The failure of any Person to provide a properly completed Demand for Notice releases the Receiver and the Applicant from any requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.
30. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the "**Service List**"). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.
31. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, set out on the Service List. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.
32. Notwithstanding paragraph 31 of this Order, service of the Application and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance

with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c.C-50 and its regulations for the Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.

33. The Receiver and its counsel are authorised to serve or distribute this Order, any other orders and any other materials as may be reasonably required in these proceedings, including any notices or other correspondence, by forwarding copies by facsimile or by email to the Debtors' creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of any legal or juridical obligation and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*.

GENERAL

34. Any interested party may apply to this Court to vary or amend this Order on not less than seven (7) clear business days' notice to the Service List and to any other party who may be affected by the variation or amendment, or upon such other notice, if any, as this Court may order.
35. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
36. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.
37. This Court requests the aid, recognition and assistance of any court, tribunal, regulatory or administrative body having jurisdiction, wherever located, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All such courts, tribunals and regulatory and administrative bodies are respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.
38. The Receiver is authorized and empowered to apply to any court, tribunal or regulatory or administrative body, wherever located, for recognition of this Order and for assistance in carrying out the terms of this Order and the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
39. The Applicant shall have its costs of this motion, up to and including entry and service of this Order, as provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.
40. Endorsement of this Order by counsel appearing on this application other than the Applicant is dispensed with.

THE FOLLOWING PARTIES APPROVE OF THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

APPROVED BY:

Signature of Peter Rubin
lawyer for the Applicant

BY THE COURT

DISTRICT REGISTRAR

Schedule "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT

\$ _____

1. THIS IS TO CERTIFY that **Alvarez & Marsal**, the **Receiver** (the "**Receiver**") of all of the assets, undertakings and properties of **Vinco Holdings Ltd.** and **Waterway Houseboats Ltd.** acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Supreme Court of British Columbia and/or the Supreme Court of British Columbia (In Bankruptcy and Insolvency) (the "**Court**") dated the ____ day of _____, 2019 (the "**Order**") made in SCBC Action No. _____ and/or SCBC Action No. _____/Estate No. _____ has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly] not in advance on the ____ day of each month after the date hereof at a notional rate per annum equal to the rate of ____ per cent above the prime commercial lending rate of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of the Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

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

DATED the ____ day of _____, 201__.

ALVAREZ & MARSAL CANADA INC.,
solely in its capacity as Receiver of the
Property, and not in its personal capacity

Per:
Name:
Title:

Schedule "B"

Demand for Notice

TO: [Name of Applicant]
c/o [Name of Counsel to the Applicant]
Attention:
Email:

AND TO: Alvarez & Marsal Canada Inc.
c/o [Name of Counsel to the Receiver]
Attention:
Email:

Re: In the matter of the Receivership of Vinco Holdings Ltd. and Waterway Houseboats Ltd.

I hereby request that notice of all further proceedings in the above Receivership be sent to me in the following manner:

1. By email, at the following address (or addresses):

OR

2. By facsimile, at the following facsimile number (or numbers):

OR

3. By mail, at the following address:

Name of Creditor: _____

Name of Counsel (if any): _____

Creditor's Contact Address: _____

Creditor's Contact Phone Number: _____

Action No. _____

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

CANADIAN IMPERIAL BANK OF COMMERCE

Plaintiff

- and -

**VINCO HOLDINGS LTD. and WATERWAY
HOUSEBOATS LTD.**

Defendants

AND:

Action No. _____

Estate No. _____

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF
**VINCO HOLDINGS LTD. and WATERWAY
HOUSEBOATS LTD.**

B.C. MODEL RECEIVERSHIP ORDER VERSION 3
