

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

and

AMAX HEALTH INC.

Respondent

MOTION RECORD

(Motion Returnable August 29, 2019)

August 22, 2019

SCARFONE HAWKINS LLP

One James Street South

14th Floor

P.O. Box 926, Depot 1

Hamilton, Ontario L8N 3P9

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Lawyers for the Receiver,

RSM Canada Limited

RCP-E 14E (March 31, 2010)

TO: SERVICE LIST ATTACHED

SERVICE LIST

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27 Seapark Drive
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L2M 6S5
Attention: Peter Jagoon, President, CEO

VIA COURIER

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Creditor

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Lawyers for Joseph Taylor Robertson and Clark Robertson

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AS REPRESENTED BY THE MINISTER OF FINANCE**

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

CANADIAN IMPERIAL BANK OF COMMERCE

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and

AMAX HEALTH INC.

Respondent

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**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

and

AMAX HEALTH INC.

Respondent

NOTICE OF MOTION

RSM Canada Limited, in its capacity as Court-Appointed Receiver of Amax Health Inc. (the "Receiver") will make a motion to a Judge on Thursday, August 29, 2019, at 10:00 a.m. or so soon after that time as the Motion can be heard at the court house, 45 Main Street East, Hamilton, Ontario, L8N 2B7.

PROPOSED METHOD OF HEARING: The Motion is to be heard (choose appropriate option)

in writing under subrule 37.12.1(1) because it is (insert one of on consent, unopposed or made without notice);

in writing as an opposed motion under subrule 37.12.1(4);

orally.

THE MOTION IS FOR (State here the precise relief sought)

- (a) An Order abridging the time for service and filing of this notice of motion and motion record, if necessary, such that the motion is properly returnable on Thursday, August 29, 2019;
- (b) An Order substantially in the form attached as Schedule "A";
- (c) An Order authorizing and directing the Receiver to enter into and carry out the terms of the Asset Purchase Agreement, dated August 22, 2019 between the Receiver and 15509349 Canada Ltd.;
- (d) An Order accepting and approving the Second Report of the Receiver, dated August 22, 2019 (the "Second Report");
- (e) An Order approving the conduct, activities and actions of the Receiver as described in the Second Report;
- (f) An Order approving the Receiver's interim statement of receipts and disbursements as at August 16, 2019;
- (g) An Order authorizing the Receiver to file an assignment in bankruptcy on behalf of the Respondent debtor;
- (h) An Order sealing the Receiver's Confidential Appendix 1 and 2 to the Second Report until further Order of the Court;
- (i) An Order approving and allowing the fees and disbursements of the Receiver in respect of the period of July 1, 2019 to July 31, 2019 and those

of its counsel, Scarfone Hawkins LLP, in respect of the period of July 11, 2019 to August 9, 2019;

- (j) Such further and other relief as this Honourable Court may deem just and appropriate in the circumstances.

THE GROUNDS FOR THE MOTION ARE (Specify the grounds to be argued, including a reference to any statutory provision or rule to be relied on)

- (a) The Receiver was appointed by this Honourable Court as receiver of the assets, property and undertaking (the "Property") of Amax on June 4, 2019 (the "Initial Order");
- (b) The Receiver has taken possession of the Property and initiated a process for the sale of the Property and to otherwise realize on the Property;
- (c) The Receiver has entered into an Asset Purchase Agreement dated August 22, 2019 with 15509349 Canada Inc. (the "Agreement") to sell substantially all of the Property and seeks the Court's approval to enter into the Agreement to complete it;
- (d) The Receiver is entitled to pass its accounts and those of its counsel from time to time pursuant to the terms of the Initial Order; and
- (e) Rules 2.03, 3.02 and 37 of the *Rules of Civil Procedure*.
- (f) Section 47 of the *Bankruptcy & Insolvency Act*;

- (g) Such further and other grounds as counsel may advise and this Honourable Court may deem just.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion: (List the affidavits or other documentary evidence to be relied on)

- (a) The Second Report.
- (b) Such further and other evidence as counsel may advise and this Honourable Court may permit.

August 22, 2019

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Lawyers for the respondent,
Amax Health Inc.

TO: THE SERVICE LIST ATTACHED

RCP-E 37A (July 1, 2007)

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VIA COURIER

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Lawyers for Monica Chretien

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Email: rcap.collections@rcapleasing.com

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**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO
AS REPRESENTED BY THE MINISTER OF FINANCE**

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SCHEDULE "A"

Court File No. 19-69485

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE
JUSTICE

)
)
)

THURSDAY, THE 29TH
DAY OF AUGUST, 2019

B E T W E N:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

- and -

AMAX HEALTH INC.

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by RSM Canada Limited in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Amax Health Inc. (the "Debtor") for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale (the "Sale Agreement") between the Receiver and 11509349 Canada Inc. (the "Purchaser") dated August 22, 2019, and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at the Court House, 45 Main Street, Hamilton, Ontario.

ON READING the Second Report of the Receiver, dated August 22, 2019 (the "Second Report") and on hearing the submissions of counsel for the Receiver, and

counsel for the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Elizabeth Wise sworn August 22, 2019 filed:

1. THIS COURT ORDERS that any requirement for service of the Notice of Motion, the Second Report, and Motion Record be and is hereby abridged, that the Motion is property returnable today and all parties requiring notice of this Motion have been duly served and that service on all parties is hereby validated and any further service is hereby dispensed with.

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

3. THIS COURT ORDERS AND DECLARES that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Receiver's Certificate"), all of the Debtor's right, title and interest in and to the Purchased Assets listed on Schedule B hereto, and more particularly described in the Sale Agreement, shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Mr. Honourable Justice Whitten dated June 4, 2019; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Acts* of the provinces of British Columbia, Alberta and Ontario or any other personal property registry systems including but limited to the *Registre des Droits Personnels et Reels Mobiliers* of the province of Quebec (all of which are collectively referred to as the "Encumbrances") and, for greater

certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

4. THIS COURT ORDERS that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

5. THIS COURT ORDERS AND DIRECTS the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

6. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all personal information in the Debtor's records pertaining to the Debtor's past and current individual customers. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

7. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act (Canada)* in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. THIS COURT ORDERS that the Second Report is both accepted and approved by this Honourable Court.

9. THIS COURT ORDERS that the conduct, activities and actions of the Receiver as set out in the Second Report are both authorized and approved.

10. THIS COURT ORDERS that the Receiver's interim Statement of Receipt & Disbursements as at August 16, 2019 as detailed in the Second Report are approved.

11. THIS COURT ORDERS that the Receiver is hereby authorized to file an assignment in bankruptcy on behalf of the Debtor.

12. THIS COURT ORDERS that the Confidential Appendices 1 and 2 as defined in the Second Report are hereby sealed and shall be segregated from other documents filed in connection with this motion and shall be provided to the Court in a sealed envelope identifying the action and prominently marked with the following legend:

“CONFIDENTIAL INFORMATION”

Pursuant to an Order, dated August 29, 2019 (the “Order”), this envelope shall remain sealed in the court file and shall not be opened until further order of the Court.

And the sealed envelope shall be sealed until the completion of the Sale Agreement or further order of this Court. Upon the Court making such further order under this

paragraph, the Receiver shall forthwith advise the Service List by email of the order, and shall provide a copy of the Confidential Appendices to any party who requests it.

13. THIS COURT ORDERS that the Receiver's fees and disbursements for the period of July 1, 2019 to July 31, 2019 and the fees and disbursements of its counsel, Scarfone Hawkins LLP, for the period of July 11, 2019 to August 9, 2019 as detailed in the Second Report, are approved and the Receiver is authorized to pay them.

14. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule A – Form of Receiver’s Certificate

Court File No. 19-69485

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E N:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

- and -

AMAX HEALTH INC.

Respondent

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Whitten of the Ontario Superior Court of Justice (the "Court") dated June 4, 2019, RSM Canada Limited was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Amax Health Inc. (the "Debtor").

B. Pursuant to an Order of the Court dated August 29, 2019, the Court approved the agreement of purchase and sale made as of August 22, 2019 (the "Sale Agreement") between the Receiver and 11509349 Canada Inc. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver

and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ on _____.

**RSM CANADA LIMITED, in its capacity as
Receiver of the undertaking, property
and assets of Amax Health Inc., and not
in its personal capacity**

Per: _____
Name: Bryan A. Tannenbaum
Title: President

Schedule B – Purchased Assets

(more particularly described in the Sale Agreement)

- Office Furniture and Equipment – St. Catharines, ON
- Office Furniture and Equipment – Calgary, AB
- Office Furniture and Equipment – Rigaud, QC
- Warehouse Equipment – St. Catharines, ON
- Warehouse Equipment – Calgary, AB
- Brand name and rights – Cheeta
- Inventory – Cheeta
- Inventory - 3M
- Inventory – GC America, Coltene Whaledent, Premier, Hu-Friedy, Paradis Dental Technologies, American Eagle, Hartzell
- Inventory – Diadent Zirc, Buffalo Dental, Waterpik, SS White, Microbrush, Keystone Technologies, various others
- Inventory – Pulpdent, DMG, Septodont, Carestream, Danville, Johnson & Johnson, Juraray, Monoject, Young Dental, Tokuyama, various others
- Inventory – Disposables and Cleaners (i.e. gloves, masks, paper products, surface cleaners, etc.)
- Inventory – Private Label Other
- Customer List

- The Debtor's rights and interest in and to the licensed Sage 3000 (2018) Enterprise Resource Planning System, together with all the Debtor's data and information associated therewith that resides on the third party server
- all rights of the Debtor, if any, in and to the names "Amax Health", "Amax Dental" and "Cheeta", including without limitation, any trademark rights in or to such names and any associated logos or designs (including for clarity, Canadian trademark application # 1829637 – Cheeta & design, and Canadian trademark application # 1831679 – Amax Dental & design), any rights to use the said names as a tradename, business name or corporate name, and any other intellectual property rights in and to the said names in any jurisdiction, whether registered or unregistered, and any goodwill associated with the foregoing
- all books, records, data and information of the Debtor relating to the foregoing (but excluding the minute book of the Debtor)

CANADIAN IMPERIAL BANK OF COMMERCE
Applicant

-and- **AMAX HEALTH INC.**
Respondents

Court File No. 19-69485

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT HAMILTON

APPROVAL AND VESTING ORDER

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RCP-E 4C (July 1, 2007)

CANADIAN IMPERIAL BANK OF COMMERCE
Applicant

-and- **AMAX HEALTH INC.**
Respondents

Court File No. 19-69485

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT HAMILTON

NOTICE OF MOTION

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RCP-E 4C (July 1, 2007)

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

BETWEEN:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

- and -

AMAX HEALTH INC.

Respondent

SECOND REPORT OF THE RECEIVER

August 22, 2019

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I. INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated June 4, 2019 (the “**Appointment Order**”), RSM Canada Limited (“**RSM**”) was appointed receiver (the “**Receiver**”), without security, of all of the assets, undertakings and properties of Amax Health Inc. (“**Amax**”, the “**Debtor**” or the “**Company**”) acquired for, or used in relation to a business carried on by the Debtor (the “**Property**”). A copy of the Appointment Order is attached hereto as Appendix “**A**”.
2. The Appointment Order authorizes the Receiver to, among other things:
 - a) take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - b) manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - c) receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor; and
 - d) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
3. The Appointment Order referred to in this report, together with related Court documents, has been posted on the Receiver’s website, which can be found at <https://rsmcanada.com/what-we-do/services/consulting/financial->

[advisory/restructuring-recovery/current-restructuring-recovery-engagements/amax-health-inc.html](#).

Purpose of the Second Report

4. The purpose of this second report of the Receiver (the “**Second Report**”) is to:
 - (a) provide the Court with details regarding the activities of the Receiver since the date of the First Report to August 21, 2019;
 - (b) report to the Court on the results of the Receiver’s efforts to obtain offers for the Property (the “**Sale Process**”);
 - (c) inform the Court of the independent legal opinion obtained by the Receiver on the validity and enforceability of the security held by Canadian Imperial Bank of Commerce (“**CIBC**”), the Company’s senior secured lender, in the province of Alberta (the “**Alberta Legal Opinion**”);
 - (d) provide the Court with a summary of the Receiver’s cash receipts and disbursements for the period June 4, 2019 to August 16, 2019; and
 - (e) seek an order from the Court:
 - i. approving the Second Report and the Receiver’s conduct and activities described herein;
 - ii. authorizing and directing the Receiver to enter into and carry out the terms of the agreement of purchase and sale (the “**APS**”) between the Receiver and 11509349 Canada Inc. (the “**Purchaser**”) dated August 22, 2019 together with amendments thereto, together with any further amendments thereto deemed necessary by the Receiver in its sole opinion, and vesting title to

the Property in the Purchaser, or as it may further direct in writing, upon closing of the transaction;

- iii. sealing Confidential Appendix 1 and Confidential Appendix 2 (as defined below) until further Order of the Court;
- iv. authorizing the Receiver to file an assignment in bankruptcy on behalf of the Debtor;
- v. approving the R&D (defined below); and
- vi. approving the fees and disbursements of the Receiver for the period ended July 31, 2019 and of the Receiver's counsel, Scarfone Hawkins LLP ("**Scarfone Hawkins**") to August 9, 2019.

Terms of Reference

- 5. In preparing this Second Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the "**Information**"). Certain of the information contained in this Second Report may refer to, or is based on, the Information. As the Information has been provided by other parties, or obtained from documents filed with the Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
- 6. Unless otherwise stated, all dollar amounts contained in the Second Report are expressed in Canadian dollars.

-
7. Defined terms in this Second Report have, unless indicated otherwise herein, the same meanings as set out in the First Report.

II. BACKGROUND

8. On September 1, 2018, Cheeta Alliance Inc., Amax Dental Alberta Inc., Amax Dental Supply B.C. Inc. and Amax Dental Ontario Inc. were amalgamated to form Amax. Amax is an Ontario corporation and distributed dental supplies and related equipment throughout Canada.
9. The Company operated from leased facilities located at 1-27 Seapark Drive in St. Catharines, Ontario ("**Ontario**"), 4900-64th Avenue SE in Calgary, Alberta ("**Alberta**") and 22 Rue J-Marc Seguin in Rigaud, Quebec ("**Quebec**"). The Company's head office is located at the Ontario location and its inventory was housed at, and distributed from, the Ontario and Alberta locations. The Quebec location is a sales office containing limited office furniture and equipment.
10. According to a corporation profile report dated May 23, 2019, Messrs. Carman Dennis Adair, Joseph Taylor Robertson and Clark Robertson are listed as the directors of Amax. A copy of the corporation profile report for Amax is attached hereto as Appendix "**B**".
11. CIBC provided Amax with a \$1,000,000 revolving credit facility by way of loan agreement dated January 8, 2019 (the "**Business Loan**"), which is secured by a general security agreement in favour of CIBC.
12. As Amax was in default of its obligations under the Business Loan and by notice of application dated June 3, 2019 ("**Application**"), CIBC sought the appointment of the Receiver.
13. On June 4, 2019, the Court issued the Appointment Order in which RSM was appointed as Receiver of Amax.

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14. Scarfone Hawkins is counsel to CIBC. The Receiver has primarily utilized Scarfone Hawkins as counsel for the receivership administration, except in circumstances where independent legal advice is required by the Receiver.

III. RECEIVER'S ACTIVITIES SINCE THE FIRST REPORT

15. The Receiver's significant activities, since the issuance of the First Report, certain of which are discussed in detail further below in this Second Report have consisted of:
- i) arranging for the marketing and requesting of offers for the sale of the Company's assets;
 - ii) reviewing the Company's books and records, in particular the records relating to government remittances;
 - iii) facilitating employee claims relating to the Wage Earner Protection Program Act; and
 - iv) corresponding with various suppliers regarding distribution agreements and other matters.

IV. SALES PROCESS

Marketing Process and Offers Received

16. As set out in the First Report, the Receiver commenced a marketing process for the Company's Property on June 24, 2019. Interested parties were advised that offers were to be submitted by 4:00 p.m. (EST) on July 19, 2019 (the "**Bid Submission Deadline**").
17. As of the Bid Submission Deadline, 12 offers were submitted to the Receiver. The Receiver reviewed the offers received and prepared a summary of the

offers (the “**Offer Summary**”), a copy of which is attached hereto as **Confidential Appendix 1**.

18. Following its review of the offers, the Receiver accepted the offer from the Purchaser. The offer received from the Purchaser is the highest and best offer received and CIBC is supportive of the Receiver's acceptance of the Purchaser's offer.
19. The Receiver entered into the APS which is now subject to the approval of the Court.

Agreement of Purchase and Sale

20. Salient terms of the APS and matters relating thereto include (all capitalized terms in this section not defined in the APS are as otherwise defined in the Second Report):
 - i) the Assets include all office equipment and furniture and warehouse equipment of whatever nature and kind used in connection with the business of the Company wherever located, the Company's inventory (including but not limited to Cheeta, 3M, GC America, Diadent, Pulpdent and Private Label inventory), the Company and Cheeta respective brand names and rights, if any, and the Company's Customer List and certain customer, sales and inventory data;
 - ii) the deposit to be provided under the APS has been received from the Purchaser;
 - iii) the APS is conditional on Court approval and the issuance of an order vesting title to the Purchased Assets in the Purchaser free and clear of claims and encumbrances;
 - iv) the Purchaser is purchasing the Assets on an “as is, where is” basis; and

v) closing of the sale provided for in the APS is scheduled to occur on the tenth Business Day following the date on which the Vesting Order is granted, or such other date as agreed to between the Purchaser and the Receiver, in writing.

21. A copy of the APS is attached hereto as **Confidential Appendix 2**.
22. The Receiver respectfully requests that the Court seal Confidential Appendix 1 and Confidential Appendix 2 pending further Order of the Court as public disclosure of the information contained therein could have a detrimental effect on the ability of the Receiver to complete a sale of the Property to the Purchaser or to another party in the event the sale to the Purchaser does not close.

V. OTHER MATTERS

Federal and Provincial Tax Filings

23. Upon its appointment, the Receiver requested certain information from the Company, including details and support relating to federal and provincial sales tax filings and remittances. The Company's controller informed the Receiver on or about June 5, 2019 that to the best of her knowledge, Amax had never filed any returns for sales taxes, with the possible exception of certain returns that may have been filed in the province of British Columbia by a predecessor company (Amax Dental Supply B.C. Inc.). The status of the Company's tax filings was subsequently confirmed by Amax's part-time Chief Financial Officer.
24. Based on the foregoing, the Receiver reviewed the Company's books and records in an effort to determine whether the information required to file the outstanding returns was available in order to enable the Receiver to file the outstanding returns.

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25. After a thorough examination of the documents available to the Receiver, the Receiver determined that the Company's books and records are incomplete and in a state of disarray. Due to the incomplete nature of the Company's books and records, the Receiver is not in a position to file the outstanding returns on behalf of the Company.

Province of British Columbia Tax Lien

26. On August 1, 2019, the Receiver received a letter from the British Columbia Ministry of Finance (the "**Ministry**"), in which the Ministry advised the Receiver that it had registered a lien against the Company's property in the amount of \$19,726.04 (the "**Lien**") pursuant to section 221 of the Provincial Sales Tax Act.
27. The Receiver understands from the Ministry that the Lien amount is based on an arbitrary assessment by the Ministry, which was issued as a result of the Company's non-compliance with its reporting obligations.
28. The Receiver obtained a copy of the British Columbia Personal Property Registration report for the Company as at August 1, 2019, which sets out that the Ministry had registered its Lien on June 13, 2019. The Receiver notes that the Lien was registered subsequent to the appointment of the Receiver on June 4, 2019.
29. The Receiver is currently reviewing its position on the Lien with Scarfone Hawkins and will provide an update on this matter in its next report to the Court.

Alberta Legal Opinion

30. In the First Report, the Receiver set out that it was in the process of obtaining independent legal opinions on the validity and enforceability of CIBC's security in Alberta and Quebec.

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31. The Receiver has received an opinion from Norton Rose Fulbright that, subject to the assumptions and qualifications contained in the Alberta Legal Opinion, CIBC has a first ranking security interest in the Property, subject to any valid purchase money security interests and registered leases and interests not subject to the PPSA. A copy of the Alberta Legal Opinion is attached hereto as Appendix "C".
 32. The Receiver is currently awaiting receipt of the opinion from Quebec counsel on the validity and enforceability of CIBC's security in Quebec.

Bankruptcy

33. Following the closing of the proposed sale to the Purchaser, the proceeds realized from the sale plus the Receiver's realizations to date from the sale certain of Amax's inventory and the collection of Amax's accounts receivable, will be greater than (i) the amount required to pay all administration costs relating to the receivership administration (i.e. professional fees, utilities, rent, etc.) and (ii) the amounts required to satisfy the claims of the Company's secured creditors, being CIBC and the Ministry (assuming that the Ministry's Lien is valid and enforceable) (the "**Surplus Amount**").
34. In order to provide for a distribution mechanism of the Surplus Amount to unsecured creditors and to reverse any potential future priority claims that CRA or other provincial bodies may have against the Company for amounts owed in respect of goods and services and harmonized sales tax, which may be claimed against the Receiver or against distributions made by the Receiver, the Receiver hereby requests the approval of the Court for the Receiver to assign the Company into bankruptcy.

VI. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

35. Attached hereto as Appendix "D" is the Receiver's Interim Statement of Receipts and Disbursements for the period June 4, 2019 to August 16, 2019 (the "R&D"). During this period, receipts were \$1,205,376 while disbursements were \$405,767, resulting in a net cash balance of \$799,609. The Receiver notes that total receipts and the excess of receipts over disbursements set out in the R&D do not include the deposit received from the Purchaser pursuant to the APS since disclosure of the deposit could enable the calculation of the purchase price for the assets included in the APS, prior to the closing of the sale to the Purchaser.
36. The Receiver notes that cash receipts totaling approximately \$114,088 are being held by Moneris (the "Holdback"), one of the Company's Credit Card Processors, which receipts are included in the Receiver's cash receipts set out in the R&D. According to Moneris, the Holdback will not be released until a minimum of 120 days after the last transaction is processed as Moneris requires the Holdback to limit its exposure to customer chargebacks that may be requested during the applicable dispute period.
37. The Receiver's significant disbursements for the period ended August 16, 2019 include, *inter alia*, payroll and related costs of \$166,368, occupation rent of \$68,201, repayment of Receiver's Certificate in the amount of \$50,000, credit card processing and miscellaneous travel and other costs of \$43,083 and packaging and freight costs of \$39,237.

VII. FEES AND DISBURSEMENTS OF THE RECEIVER AND COUNSEL

38. Pursuant to paragraph 17 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the

Appointment Order. Pursuant to paragraph 18 of the Appointment Order, the Receiver and its counsel shall pass their accounts before the Court.

39. The total fees for the Receiver for the period July 1, 2019 to July 31, 2019 were \$80,065.50, plus HST of \$10,408.52, for a total of \$90,474.02. The time spent by the Receiver is more particularly described in the Affidavit of Bryan Tannenbaum sworn August 22, 2019, which is attached hereto and marked as Appendix "E" and contains a copy of the invoice that sets out the services provided during this time period.
40. The total fees of Scarfone Hawkins for the period July 11, 2019 to August 9, 2019, were \$16,800.00, plus disbursements of \$472.74, plus HST of \$2,203.86, for a total of \$19,476.60. The time spent by Scarfone Hawkins is more particularly described in the Affidavit of Zachary Pringle sworn August 22, 2019, which is attached hereto as Appendix "F" and contains, among other things, copies of invoices that set out the services provided during this period.
41. The Receiver is of the view that the fees and disbursements charged by Scarfone Hawkins are fair and reasonable.

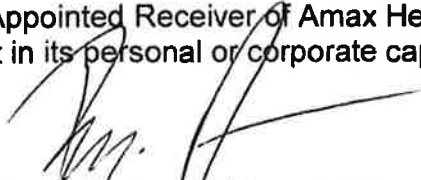
VIII. CONCLUSION

42. Based on the foregoing, the Receiver respectfully requests that the Court grant the orders described in paragraph 4 (e) above.

All of which is respectfully submitted to this Court as of this 22nd day of August, 2019.

RSM CANADA LIMITED, solely in its capacity as
Court-Appointed Receiver of Amax Health Inc.,
and not in its personal or corporate capacity

Per:


Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT
President

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE *MR*)
JUSTICE *A. WHITTEN*)

TUESDAY, THE 4th
DAY OF JUNE, 2019

BETWEEN:



CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

and

AMAX HEALTH INC.

Respondent

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.b-3, as amended, SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, c.C-43, as amended, AND RULE 14.05(3)(g) and (h) OF THE *RULES OF CIVIL PROCEDURE*.

**ORDER
(appointing Receiver)**

THIS APPLICATION made by the Applicant, Canadian Imperial Bank of Commerce, for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") appointing RSM Canada Limited, as receiver (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of Amax Health Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 45 Main Street East, Hamilton, Ontario.

ON READING the affidavit of Ben Tucci, sworn June 3, 2019 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and counsel for the Respondent, no one else appearing although duly served as appears from the affidavit of service of Elizabeth Wise, sworn June 4, 2019 and on reading the consent of RSM Canada Limited to act as the Receiver, and on being advised by counsel that the Debtor consents to the relief sought.

SERVICE

1. THIS COURT ORDERS that the time for service and method of service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and further service thereof is hereby dispensed with.

APPOINTMENT

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

RECEIVER'S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and

- security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
 - (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
 - (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
 - (g) to settle, extend or compromise any indebtedness owing to the Debtor;
 - (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;

- (i) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (j) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$200,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,] shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (k) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (n) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (o) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (p) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (q) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

11. THIS COURT ORDERS that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services,

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

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

13. THIS COURT ORDERS that all employees of the Debtor, if any, shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically

agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

15. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the

Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

17. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

19. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands,

against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

20. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$50,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

23. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu*

basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

24. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL rsmcanada.com/amax-health-inc

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

GENERAL

25. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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

27. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

28. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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

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



ENTERED AT HAMILTON
IN Book No. 391
as Document No. 323
on JUL 10 2019
by. 

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that RSM Canada Limited the receiver (the "Receiver") of the assets, undertakings and properties of Amax Health Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 4th day of June 2019 (the "Order") made in an action having Court file number _____, 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 \$50,000.00 which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

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

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

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

DATED the ____ day of _____, 2019

RSM Canada Limited solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

CANADIAN IMPERIAL BANK OF COMMERCE
Applicant

-and- **AMAX HEALTH INC.**
Respondent

Court File No. 19-69485

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT HAMILTON

ORDER
(appointing Receiver)

SCARFONE HAWKINS LLP
One James Street South
14th Floor
P.O. Box 926, Depot 1
Hamilton, Ontario
L8N 3P9

Michael J. Valente (LSUC # 23925R)
mvalente@shlaw.ca
Tel: 905-523-1333
Fax: 905-523-5878

Lawyers for the Applicant
Canadian Imperial Bank of Commerce

RCP-E 4C (May 1, 2016)

Request ID: 023117246
Transaction ID: 71863480
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/23
Time Report Produced: 08:52:34
Page: 1

CORPORATION DOCUMENT LIST

Ontario Corporation Number
1992396

Corporation Name
AMAX HEALTH INC.

ACT/CODE	DESCRIPTION	FORM	DATE (YY/MM/DD)
CIA	INITIAL RETURN PAF: MURRAY, BRYCE W. B.	1	2018/11/20
BCA	ARTICLES OF AMALGAMATION	4	2018/09/01

THIS REPORT SETS OUT ALL DOCUMENTS FOR THE ABOVE CORPORATION WHICH HAVE BEEN FILED ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

ALL "PAF" (PERSON AUTHORIZING FILING) INFORMATION IS DISPLAYED EXACTLY AS RECORDED IN ONBIS. WHERE PAF IS NOT SHOWN AGAINST A DOCUMENT, THE INFORMATION HAS NOT BEEN RECORDED IN THE ONBIS DATABASE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

Request ID: 023117245
Transaction ID: 71863477
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/23
Time Report Produced: 08:52:25
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Amalgamation Date
1992396	AMAX HEALTH INC.	2018/09/01
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
472 GAGE STREET	NOT APPLICABLE	A
NIAGARA-ON-THE-LAKE ONTARIO CANADA LOS 1J0	New Amal. Number	Notice Date
	NOT APPLICABLE	NOT APPLICABLE
Mailing Address	Letter Date	Revival Date
472 GAGE STREET P O BOX 1463 NIAGARA-ON-THE-LAKE ONTARIO CANADA LOS 1J0	NOT APPLICABLE	NOT APPLICABLE
	Continuation Date	Transferred Out Date
	NOT APPLICABLE	NOT APPLICABLE
	Cancel/Inactive Date	EP Licence Eff.Date
	NOT APPLICABLE	NOT APPLICABLE
	EP Licence Term.Date	Date Commenced in Ontario
	NOT APPLICABLE	NOT APPLICABLE
	Date Ceased in Ontario	Date Ceased in Ontario
	NOT APPLICABLE	NOT APPLICABLE
Activity Classification	Number of Directors Minimum Maximum	
NOT AVAILABLE	00001 00010	

Request ID: 023117245
Transaction ID: 71863477
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/23
Time Report Produced: 08:52:25
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CORPORATION PROFILE REPORT

Ontario Corp Number

1992396

Corporation Name

AMAX HEALTH INC.

Corporate Name History

AMAX HEALTH INC.

Effective Date

2018/09/01

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Amalgamating Corporations

Corporation Name

CHEETA ALLIANCE INC.

AMAX DENTAL ALBERTA INC.

AMAX DENTAL SUPPLY B. C. INC.

AMAX DENTAL ONTARIO INC.

Corporate Number

1996698

1996700

1996699

2570649

Request ID: 023117245
Transaction ID: 71863477
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/23
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CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1992396	AMAX HEALTH INC.

Administrator: Name (Individual / Corporation)	Address
CARMAN DENNIS ADAIR	21939 0 AVENUE LANGLEY BRITISH COLUMBIA CANADA V2Z 1S2

Date Began	First Director	Resident Canadian
2018/09/01	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Administrator: Name (Individual / Corporation)	Address
CARMAN DENNIS ADAIR	21939 0 AVENUE LANGLEY BRITISH COLUMBIA CANADA V2Z 1S2

Date Began	First Director	Resident Canadian
2018/09/01	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	Y

Request ID: 023117245
Transaction ID: 71863477
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/23
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CORPORATION PROFILE REPORT

Ontario Corp Number

1992396

Corporation Name

AMAX HEALTH INC.

**Administrator:
Name (Individual / Corporation)**

JOSEPH
TAYLOR
ROBERTSON

Address

472 GAGE STREET
P O BOX 1463

NIAGARA-ON-THE-LAKE
ONTARIO
CANADA L0S 1J0

Date Began

2018/09/01

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

**Administrator:
Name (Individual / Corporation)**

JOSEPH
TAYLOR
ROBERTSON

Address

472 GAGE STREET
P O BOX 1463

NIAGARA-ON-THE-LAKE
ONTARIO
CANADA L0S 1J0

Date Began

2018/09/01

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Y

Request ID: 023117245
Transaction ID: 71863477
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/23
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CORPORATION PROFILE REPORT

Ontario Corp Number

1992396

Corporation Name

AMAX HEALTH INC.

**Administrator:
Name (Individual / Corporation)**

CLARK
ROBERTSON

Address

472 GAGE STREET
P O BOX 1463
NIAGARA-ON-THE-LAKE
ONTARIO
CANADA LOS 1J0

Date Began

2018/09/01

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

**Administrator:
Name (Individual / Corporation)**

CLARK
ROBERTSON

Address

472 GAGE STREET
P O BOX 1463
NIAGARA-ON-THE-LAKE
ONTARIO
CANADA LOS 1J0

Date Began

2018/09/01

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

Request ID: 023117245
Transaction ID: 71863477
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2019/05/23
Time Report Produced: 08:52:25
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CORPORATION PROFILE REPORT

Ontario Corp Number

1992396

Corporation Name

AMAX HEALTH INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	INITIAL RETURN	1	2018/11/20

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

The issuance of this report in electronic form is authorized by the Ministry of Government Services.

Memorandum

From	Norton Rose Fulbright Canada LLP	Date	August 20, 2019
-------------	----------------------------------	-------------	-----------------

To	Canadian Imperial Bank of Commerce		
	RSM Canada Limited	<u>Loan Party</u>	
	Security Review - Security held in relation to the Borrower by Canadian Imperial Bank of Commerce (the Lender)	Amax Health Inc. (the Borrower)	

EXAMINATION OF DOCUMENTS

At your request and on your behalf, we have reviewed certain security and related documents in relation to the Borrower.

Currently Effective Loan, Security and Related Documentation

1. Commitment Letter granted by the Lender, as lender, dated January 8, 2019 and accepted by the Borrower, as borrower on January 11, 2019 (the **Loan Agreement**); and
2. General Security Agreement dated January 11, 2019 granted by the Borrower in favour of the Lender (the **GSA**).

The documents listed in items 1 – 2 above are collectively referred to as the **Loan Documents** and individually as a **Loan Document**.

FINDINGS

Based upon and subject to the foregoing, to the comments set forth below, and to the qualifications and assumptions set forth in Schedule "A" hereto, we have found that:

1. The GSA creates a valid security interest in favour of the Lender in any collateral described therein in which the *Personal Property Security Act* (Alberta) (the **PPSA**) applies and in which the Borrower thereto now has rights, and is sufficient to create a valid security interest in favour of the Lender in any collateral in which the PPSA applies and in which the Borrower thereto acquires when those rights are acquired by

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the Borrower to secure payment and performance of the obligations described in the GSA as being secured thereby.

2. Registration has been made in all public offices provided for under the laws of the Province of Alberta where such registration is necessary to perfect the security interests created by the GSA in the collateral described therein to which the PPSA applies, and the particulars of such registrations are set forth in Schedule "B" hereto.

COMMENTS

1. As noted in Schedule "B", the Lender has registered the first general charge (all present and after-acquired personal property of the debtor) in the Alberta Personal Property Register (the PPR) against the Borrower.
2. We note that the Borrower is not registered as an extra-provincial corporation with the Registrar of the Corporations of Alberta. Pursuant to section 279 of the *Business Corporations Act* (Alberta), all extra-provincial corporations are required to be registered under the *Business Corporations Act* (Alberta) before or within thirty days of commencing the carrying on of business in Alberta.
3. As noted in Schedule "B", our request for a clearance letter from the Workers' Compensation Board – Alberta (the WCB) indicates that the Borrower has a status of "DENIED" and is therefore not in good standing with the WCB. We are unable to obtain further information as to the reason for the status of the Borrower by way of public search. We note however, that the most common reason for a DENIED status is a failure to pay the requisite premiums to the WCB. The WCB can become a secured creditor for the purposes of collecting outstanding premiums. As of August 13, 2019, the WCB had not filed a financing statement in respect of the Borrower.

SEARCHES

For the purpose of this security review, we have conducted, reviewed and relied upon the following searches in Alberta (unless otherwise noted):

1. Corporate Registry;
2. Canadian Securities Registration System - Bank Act (Canada) Security (Alberta);
3. Personal Property Registry;
4. Litigation (Alberta Court of Queens Bench and Court of Appeal);
5. Employment Standards;
6. Workers' Compensation Board;
7. Occupational Health and Safety; and
8. Labour Relations Board.

The registration particulars with respect to the Loan Parties as disclosed by the foregoing searches are summarized in Schedule "B" hereto, current to the date set forth therein.

RELIANCE

This security review relates exclusively to the Loan Documents and is rendered solely for the use of the addressee hereof and may not be relied on by any other parties for any other purpose without our prior written consent.

Norton Rose Fulbright Canada LLP

SCHEDULE "A"
QUALIFICATIONS AND ASSUMPTIONS

1. **Loan Documents:** With respect to all documents examined by us (including, without limitation, the Loan Documents), we have assumed that the signatures are genuine, the individuals signing such documents had legal capacity at the time of signing, all documents submitted to us as originals are authentic, and certified, conformed or photocopied copies, or copies transmitted electronically or by facsimile, conform to authentic original documents. We have also assumed that all such documents are complete, and that none of such documents have been amended, superseded, withdrawn, invalidated or cancelled (other than in accordance with their terms or the terms of other documents examined by us).
2. **Public Records:** We have assumed that the indices and records in all filing systems maintained in all public offices searched are accurate and current, and all certificates and information issued or provided pursuant thereto are and remain accurate and complete.
3. **Incorporation:** We have assumed that each party signing the Loan Documents were, at the time of the execution of the Loan Documents and presently are, duly incorporated, validly existing and in good standing.
4. **Power and Capacity:** We have assumed that each party signing the Loan Documents had all necessary power and capacity to execute and deliver such documents, as applicable, and perform their respective obligations thereunder.
5. **Authorization:** We have assumed that the execution and delivery of the Loan Documents by each party thereto, and the performance by the parties of their respective obligations thereunder, have been duly authorized, do not breach any laws and do not violate the terms of any agreements to which each such party is a party. We have also assumed that each party to such documents was not at the time of execution of the Loan Documents, and is not, bound by any provision in its constituting documents or by-laws or by any agreement which would in any way hinder or restrict its powers or the powers of its directors to authorize, execute and deliver the Loan Documents or which would hinder or restrict the applicable party from performing its obligations thereunder.
6. **Authorizations, Consents and Approvals:** We have assumed that there are no actions, suits, proceedings or investigations against or affecting any party to the Loan Documents before any governmental authority which purport to affect the legality, validity and enforceability of the Loan Documents and that no authorization, consent or license was required that was not obtained (governmental or otherwise) in connection with the execution and delivery of the Loan Documents and the performance of the obligations thereunder.
7. **Execution and Delivery:** We have assumed that the Loan Documents have been duly executed and delivered by each of the parties thereto.
8. **Enforceability:** We have assumed that each of the Loan Documents constitutes a legal, valid and binding obligation of each party thereto, and is enforceable in accordance with its terms.
9. **No Postponement:** We have assumed that value has been given by the Lender to the Borrower under the Loan Documents granting a lien, and that the parties to such Loan Documents have not agreed to postpone the time for attachment of any security interest expressed to have been created thereby.
10. **Consumer Goods:** We have assumed that the property and assets subject to the security interests created by the GSA do not include consumer goods (as defined in the PPSA).
11. **Title:** We express no opinion, finding and/or comment concerning the interest or title of the Borrower in and to any of its property, assets or undertakings and in particular, as to the applicable collateral referenced in the GSA, and we express no opinion, finding and/or comment as to the transferability of

such collateral. Such interests, title, and transferability have been assumed to the full extent necessary to express the findings contained in this security review.

12. **Personal Property Security:**

- (a) We express no opinion as to whether the Borrower has title to or any rights in any property.
- (b) We express no opinion as to the rank or priority of any secured interest created by the GSA.
- (c) We express no opinion as to the creation or perfection or validity of any security interest expressed to have been created by the GSA with respect to any property or proceeds derived directly or indirectly therefrom which is not identifiable or traceable.
- (d) We express no opinion as to whether a security interest may be created in permits, quotas, licences or other property which is neither personal property nor an interest in land.
- (e) We express no opinion as to whether a security interest may be created in:
 - (i) property consisting of a receivable, licence, approval, privilege, franchise, permit, lease or agreement (collectively, **Special Property**) to the extent that the terms of the Special Property or any applicable law prohibit the assignment or require as a condition of assignability, a consent, approval or other authorization or registration which has not been made or given;
 - (ii) any debt owing by the Crown in right of Canada or any province or agency thereof unless consented to by the applicable governmental authority in accordance with the applicable provincial or federal statutes; and
 - (iii) serial number goods.
- (f) To the extent that the collateral charged by the GSA includes patents, trademarks, copyrights, industrial design or other intellectual property, registration under the PPSA may not be effective to fully protect the security interests constituted thereby and further steps may be required or be advisable under the appropriate federal statutes in order to do so. We have not taken any such steps.
- (g) We express no opinion as to the creation or perfection or validity of a security interest in, nor have we effected any registrations or given any notices in respect of any security interest granted in, any policy of insurance or contract of annuity, including any transfer of any interest therein or claim thereunder to which, pursuant to Section 4 of the PPSA, the PPSA does not apply.
- (h) We have not effected any registrations in respect of and express no opinion with respect to the creation or perfection or validity of any security interest in property or assets whose transfer or assignment by way of security may be governed by the provisions of an Act of the Parliament of Canada including, without limitation, any vessel registered under the *Canada Shipping Act, 2011* or any rolling stock to which the *Canadian Transportation Act* (Canada) applies. In addition, we have not effected any registrations (other than pursuant to the PPSA) in respect of aircraft or other property to which the International Interests in *Mobile Equipment Act* (Alberta) applies.

13. **Search Limits and Defects:** Findings and/or comments which depend on or relate to searches of public registries and offices of record are effective only to date specified therein and are qualified with respect to errors or omissions in the records of or search results provided by such registries and offices. The searches conducted will not reveal:

- (a) interests that may have been granted by predecessors or successors in title to the Borrower's personal property, real property or any part thereof unless searches were made against such predecessor or successor; and
 - (b) interests in respect of the personal property, real property or any part thereof which are not, or not required to be, registered in the Province of Alberta.
14. **Governing Law:** All findings, comments or otherwise herein are limited to the laws of the Province of Alberta and the applicable federal laws of Canada, in each case, as of the date hereof. Without limiting the generality of the foregoing, we express no opinion with respect to the laws of any other jurisdiction to the extent that those laws may govern the validity, perfection, effect of perfection or non-perfection or enforcement of the security interests created by the GSA as a result of the applicable of the Alberta conflict of laws rules, including without limitation, Sections 5 to 8.1 of the PPSA. In addition, we express no opinion whether, pursuant to those conflict of laws rules, Alberta laws would govern the validity, perfection, effect of perfection or non-perfection or enforcement of those security interests.

**SCHEDULE "B"
SEARCHES**

ALBERTA CORPORATE REGISTRATION SYSTEM

A search on the Alberta Corporate Registration system on August 13, 2019 did not indicate any corporate status or prior corporate names registered in Alberta for the Borrower.

CANADIAN SECURITIES REGISTRATION SYSTEM - ALBERTA

This search did not indicate any notices intention to give security under the Bank Act (Canada) registered in the Province of Alberta on August 13, 2019 for the Borrower.

ALBERTA PERSONAL PROPERTY REGISTRY RESULTS

A search of the Alberta PPR on August 13, 2019 reveals the following encumbrances registered against the Borrower.

AMAX HEALTH INC.

Secured Party	Registration Date	Registration Number	Collateral	Expiry Date
Canadian Imperial Bank of Commerce	2019-Jan-25	19012512366	All of the Debtor's present and After-Acquired Personal Property	2024-Jan-25

ALBERTA LITIGATION SEARCH RESULTS

A litigation search for actions and proceedings, active within the past five years, in the Alberta courts dated August 13, 2019 did not reveal any results for the Borrower:

ALBERTA UNSATISFIED EMPLOYMENT STANDARDS SEARCH RESULTS

A search for unsatisfied employment standards judgments in Alberta dated August 13, 2019 did not reveal any results for the Borrower.

WORKERS' COMPENSATION BOARD - ALBERTA

This search indicates the status of each of the Borrower's Workers' Compensation Board account on August 13, 2019. Accounts with a "DENIED" status are not in good standing. The search revealed the following result:

Account	Legal Name/Trade Name/Industry	Effective Date	Status
3082924	Amax Health Inc. Sale of Medical Equipment Supplies	Apr 01, 1991	DENIED

ALBERTA OCCUPATIONAL HEALTH AND SAFETY

A search at the Alberta Occupational Health and Safety dated August 14, 2019 did not reveal any results for the Borrower.

ALBERTA LABOUR RELATIONS BOARD

A search at the Alberta Labour Relations Board dated August 13, 2019 did not reveal any results for the Borrower.

**In the Matter of the Receivership of Amax Health Inc.
Receiver's Interim Statement of Receipts and Disbursements
For the Period June 4, 2019 to August 16, 2019**

Receipts		<u>Notes</u>
Collections - New Sales	\$ 523,950	
Collections - Accounts Receivable	593,633	1
Deposits in other banks at June 3, 2019	37,793	
Funding from Secured Lender	50,000	
Total receipts	<u>\$ 1,205,376</u>	2
Disbursements		
Critical Suppliers/IT Services	\$ 7,129	
Payroll	125,182	
Payroll taxes/WSIB/WCB	40,993	
Payroll processing fees	194	
Temporary Workers	9,295	
Utilities	749	
Insurance	8,243	
Packaging & Freight	39,237	
Rent	68,201	
Repayment to secured lender	50,000	
Credit card processing fees	24,622	
Miscellaneous/travel/interest/other	18,461	
GST/HST/PST/QST paid	13,462	
Total Disbursements	<u>\$ 405,767</u>	
Excess receipts over disbursements	<u><u>\$ 799,609</u></u>	2

Notes:

1. As set out in the Receiver's update, sales to customers have primarily been made on the basis that customers pay by credit card, prior to shipment of goods. Amax uses two credit card processors, namely Moneris and Global Payments, and online credit card sales made in Alberta are deposited into an account with Servus Credit Union ("Servus"). Set out below is a breakdown of amounts held by Moneris, Global Payments and Servus, which are included in the accounts receivable collections totaling \$593,633.

Servus Credit Union - Alberta credit card transactions	\$ -	
Moneris - pending transfer to CIBC RSM	1,357	
Moneris - holdback (reserve)	114,088	(a)
Global Payments - pending transfer to CIBC-RSM	-	
	<u>\$ 115,445</u>	

(a) Moneris has advised that it will hold this amount for 120 days after the last transaction for the sale of inventory by the Receiver is processed.

2. Total receipts and the excess of receipts over disbursements do not include the deposit received by the Receiver from the Purchaser of Amax's assets.

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

BETWEEN:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

-and-

AMAX HEALTH INC.

Respondent

**AFFIDAVIT OF BRYAN A. TANNENBAUM
(Sworn August 22, 2019)**

I, BRYAN A. TANNENBAUM, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the President of RSM Canada Limited ("**RSM**"), the Court-appointed receiver in these proceedings (the "**Receiver**"). As such, I have personal knowledge of the matters to which I hereinafter depose, save and except those matters based upon information and belief, in which case I have stated the source of such facts, all of which I verily believe to be true.

2. Pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) dated June 4, 2019, RSM was appointed as receiver, without security, of all of the assets, undertakings and properties of Amax Health Inc. ("**Amax**") acquired for, or used

in relation to a business carried on by Amax, including all proceeds thereof (the "Receiver").

3. Attached hereto and marked as **Exhibit "A"** to this my affidavit is a copy of the invoice rendered by the Receiver for fees incurred by the Receiver in respect of the receivership proceedings for the period July 1, 2019 to July 31, 2019 (the "**Period**"). The fees charged the Period were \$80,065.50, plus disbursements of \$2,789.26 and HST of \$10,771.12, for a total of \$93,625.88. The average hourly rate charged during the Period was \$306.76.

4. The invoice is a fair and accurate description of the services provided and the amounts charged by RSM for the Period.

5. Attached hereto and marked as **Exhibit "B"** is a schedule summarizing the invoice in **Exhibit A** including the total billable hours charged, the total fees charged and the average hourly rate charged.

6. I make this affidavit in support of a motion for an Order approving the Receiver's fees and disbursements and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario, on the 22nd day of August, 2019



Commissioner for Taking Affidavits

(or as may be)
Daniel Raphael Weiss, a Commissioner, etc.,
Province of Ontario, for RSM Canada LLP
and RSM Canada Limited.
Expires January 5, 2021

}



BRYAN A. TANNENBAUM

EXHIBIT "A"

Detailed Invoice

**This is Exhibit "A" to the Affidavit of
Bryan A. Tannenbaum, sworn on August 22, 2019**



A Commissioner for the taking of Affidavits, etc.

**Daniel Raphael Weisz, a Commissioner, etc.,
Province of Ontario, for RSM Canada LLP
and RSM Canada Limited.
Expires January 5, 2021.**



GST/HST: 80784 1440 RT 0001

RSM CANADA LIMITED
Licensed Insolvency Trustee
11 King St W, Suite 700, Box 27
Toronto, ON M5H 4C7

T +1 416 480 0160
F +1 416 480 2646

www.rsmcanada.com

To RSM Canada Limited
Court-appointed Receiver of
Amax Health Inc.
11 King Street West, Suite 700
Toronto, ON M5H 4C7

Date August 12, 2019

Client File 786-788-3
Invoice 2
No.

For professional services rendered with respect to the appointment of RSM Canada Limited as Court-appointed Receiver of Amax Health Inc. for the period ended July 31, 2019.

Date	Professional	Description
07/02/2019	Brenda Wong	Respond to creditor inquiry re payment of outstanding invoices, check if creditor was on S. 245 mailing list and whether creditor has 30 day goods claim; update Wage Earner Protection Program ("WEPP") spreadsheet; call from former employee re his Proof of Claim ("POC") and commissions owed; emails with J. Gordon re commissions owed; review letter from Service Canada and email to U. Emad re same; emails with employees re POC received and other payroll questions; review weekly sales report; access and download payroll reports for 2018 and 2019.
07/02/2019	Arif Dhanani	Emails from/to J. Berger re Cogeco; review and amend Notice of Dispute to 3M 30 day goods claim and send same to J. Berger, U. Emad and L. Jaggan for comments; emails to/from L. Jaggan re segregating 3M inventory for repossession by supplier; review of 3M termination of distribution agreement; email from/to C. Adair re sales.
07/02/2019	Donna Nishimura	Deposit cheques at the bank.
07/02/2019	Usama Emad	Respond to creditor inquires related to S. 245 notice; update the control sheet for Confidentiality Agreements ("CA") and Confidential Information Memorandum ("CIM"); correspond with potential purchasers regarding sale of Amax assets; set up Huddle sharing platform; review 3M 30 days goods claim, call with A. Dhanani to discuss same; call with Service Canada regarding former employee's Record of Employment ("ROE") issue; review employee file to provide details for response to Service Canada; update the cash flow monitoring analysis for Week 3; phone call with staff in Quebec and former employee regarding POC; pack employee files and payroll files for transport to the Receiver's offices.
07/02/2019	Jeff Berger	Review of termination notice from supplier re distribution agreement and discussion with A. Dhanani and M. Valente re same; review of sales process activity and discussion with U. Emad regarding same.

Date	Professional	Description
07/02/2019	Ryan Lim	Calgary warehouse attendances and email to A. Dhanani to summarize observations.
07/03/2019	Donna Nishimura	Deposit cheques at the bank.
07/03/2019	Brenda Wong	Review employee emails re WEPP and follow up re outstanding issues; review correspondence; review cash flow worksheet; call to Canada Revenue Agency ("CRA") re payroll remittances and RT0001 account; call with Deluxe to inquire re status of certain ROEs; revise draft response to CRA re employee ROEs; review correspondence received; file amended ROE for employee; call from Service Canada re WEPP questions; contact Servus and CIBC for account activity; access Global Payments online site and obtain activity report; emails/call with M. Baum re Champs deposit and posting journal reports.
07/03/2019	Arif Dhanani	Discussion with L. Jaggan re discrepancies in physical inventory quantities from 3M 30 day goods claim; finalize Receiver's Notice of Dispute and send same to 3M; emails from/to B. Wong re Amax HST account and closure thereof; emails to/from H. Scott; call with M. Leavere; review of various invoices forwarded by L. Jaggan and submit cheque requests as appropriate; call with F. Legare in Quebec; call with M. Valente re priMED and follow up letter, and attendance in Court to obtain Order to make distributions to CIBC; discussion with B. Wong re cash reconciliation and statement of receipts and disbursements.
07/03/2019	Usama Emad	Respond to creditors' inquires related to S. 245 notice; follow up with all parties regarding sales process; send CAs to various liquidators; update the control sheet for tracking prospective purchasers' interest; correspond with potential purchasers regarding sale of Amax assets; call with Service Canada regarding CRA account statements and balances; respond to Service Canada regarding employee dismissal inquiry; update the cash flow monitoring analysis for week 3, including disbursements; respond to inquiry from former employee regarding amounts owed; send copy of ROE to former employee; prepare cheque requisition; contact Quebec service provider regarding provision of contract.
07/04/2019	Brenda Wong	Review and respond to employee emails; download report from Servus; review draft employee termination letter; review email from Deluxe; review emails from Amax re payments received.
07/04/2019	Donna Nishimura	Deposit cheques at the bank.
07/04/2019	Arif Dhanani	Email to L. Jaggan re details on commission compensation, draft, finalize and release addendum to term and task letters for Ontario telephone sales and accounts receivable collections staff; review of remaining outstanding accounts receivable and discussion with J. Berger in this regard; respond to Four D Rubber email re packaging goods; review and amend letter to Cogeco; respond to D. Allery regarding no communication with Brentwood Village Dental Clinic; draft and finalize termination letters for certain telephone sales and accounts receivable staff; call with 3M general counsel.
07/04/2019	Jeff Berger	Review of sales and A/R collections data and discussion with J. Gordon re same; phone call to Cogeco re pending suspension of service to the St. Catharines office; letter to Cogeco re same.
07/04/2019	Usama Emad	Respond to creditors' inquires related to S. 245 notice; update the control sheet for tracking as needed for received CA or emailed CIMs; call with the BC Ministry of Finance (the "Ministry") regarding PST accounts, provide the Ministry with the creditors' package; revise the cash flow monitoring analysis

Date	Professional	Description
		for week 3; respond to inquiry from former employee regarding amounts owed; obtain Moneris account transaction report for cash flow; follow up with certain employees re Term and Task Letter; discussion with J. Gordon regarding support for sales tax returns; email to J. Gordon re specific requests.
07/05/2019	Jeff Berger	Meet with representative of potential purchaser and provide tour of Amax facility and warehouse; attend termination meetings with employees.
07/05/2019	Arif Dhanani	Review of email from St. Catharines landlord's real estate broker and respond thereto; review of various emails from P. Jugoon and respond thereto; meet with L. Jaggan to discuss administration timelines and sales process, provide L. Jaggan with copy of sales package; review of memo from RSM Calgary re attendance at Calgary warehouse; call with C. Adair re inventory sales; calls with 3 remote staff members and meet with 2 staff members to advise of termination of services.
07/05/2019	Brenda Wong	Review cash flow report and update for cash held at CIBC, Moneris, Global Payments and Servus; reconcile cash to Ascend.
07/05/2019	Usama Emad	Respond to creditors' inquires related to S. 245 notice; update the control sheet for tracking as needed for received CAs or emailed CIMs; revise the cash flow monitoring analysis; review sales data provided for tax returns, such as monthly sales by province; follow up with Telus mobility.
07/08/2019	Brenda Wong	Review correspondence received from CRA re HST and payroll deductions owed; review correspondence from creditors; call to Businessview re obtaining e-statements for Global merchant account; call to Service Canada re WEPP to discuss termination pay; review employee letters for bonuses/commissions payable upon termination; call from former employee re POC; respond to employee email re WEPP; update cash flow; call to Deluxe re ROEs to be issued and setting up Receiver's payroll; review/respond to emails from M. Baum re A/R; prepare cheque requisition/receipt processing form for posting of Moneris deposits and charges for June to July 4; process payroll for July 15 pay; meet with U. Emad to discuss review of WEPP claims.
07/08/2019	Arif Dhanani	Review of email exchange between D. Hewko and P. Jugoon, reply to separate email from D. Hewko; discussion with B. Wong re payment of stay bonus for D. Reay; discussion with B. Wong re reconciliation of cash flow and repayment of Receiver's certificate; set up pre-call with M. Valente and J. Berger to priMED conference call; attend pre-call on Cheeta product; call with D. Welsch, W. Jollymore, M. Valente and J. Berger re priMED Cheeta brand; call with B. Tucci of CIBC re repayment of Receiver's certificate, Court date; update report and questions thereon; review of July 15, 2019 payroll and message to B. Wong in this regard; review of memo from RSM Calgary and respond to questions therein.
07/08/2019	Usama Emad	Respond to creditors' inquires related to S. 245 notice; update the control sheet for tracking as needed for received CAs or emailed CIMs; respond to inquiries from prospective purchasers regarding sale of assets; draft cash flow analysis for week 4; request various banking reports; respond to inquiry from former employee regarding amounts owed; discussion with J. Berger re next steps for sales tax returns and set up meeting with a manager in the indirect tax group at RSM; meet with B. Wong regarding the status of WEPP claims and review of POC forms submitted; update the utility account tracking file

Date	Professional	Description
		after corresponding with Bell; prepare summary of commissions for sales employees for the last 6 months, to be used for WEPP.
07/08/2019	Jeff Berger	Call with PriMED, RSM and counsel to discuss the various parties' right to sell certain private label products; respond to supplier inquiry re payment on account; draft the Receiver's First Report to Court and discuss same with A. Dhanani; communicate with various prospective purchasers regarding the Receiver's sales process.
07/08/2019	Bryan Tannenbaum	Receipt and review of D. Hewko email to P. Jugoan; P. Jugoan response; review of A. Dhanani email to D. Hewko.
07/09/2019	Brenda Wong	Review and respond to emails re employee WEPP claims; discussion with employee re May commission claim and POC to be revised; call from Service Canada re ROE; review general correspondence received; discussion/emails with U. Emad re review of WEPP claims; review commission reports and emails with J. Gordon re questions on same; emails to former director re ineligible for WEPP.
07/09/2019	Arif Dhanani	Review email from B. Almasi and respond thereto; review of various supplier invoices and draft cheque requisitions therefor; emails to/from CIBC re repayment of Receiver's certificate and draft cheque requisition therefor, including interest to July 11, 2019.
07/09/2019	Donna Nishimura	Deposit cheques at the bank.
07/09/2019	Usama Emad	Respond to creditors' inquires related to S. 245 notice; update the control sheet for tracking as needed for received CAs or emailed CIMs; follow up with purchasers who were sent the CIM; meet with liquidator on site to tour Amax warehouse; obtain A/R aging, pick samples and request package of supporting documents for collections; conduct sample inventory count; call with manager in indirect tax regarding filings of sales tax returns; request updates to sales tax reports from J. Gordon and review HST return support file for Amax; update WEPP calculation worksheet for revised amounts and tracking of claims submitted while reviewing POC forms submitted; respond to Bell regarding account inquiry; review and respond to employee claims issues regarding commissions.
07/09/2019	Jeff Berger	Review of lease documentation from RCAP Leasing and discuss same with counsel; respond to RCAP Leasing; email to supplier re balance owing and receivership, etc.; provide tour of St. Catharines facility to liquidator and discuss the sales process, bid deadline, etc.; call with RSM indirect tax group re Debtor's outstanding returns (HST/GST/PST/QST) and most efficient way to address same; draft the Receiver's interim Statements of Receipts and Disbursements ("SR&D"); draft the Receiver's First Report to Court and discuss same with A. Dhanani.
07/09/2019	Betsy Qin	Call with J. Berger and U. Emad re indirect tax liabilities.
07/10/2019	Brenda Wong	Finalize and send request for wire transfer to CIBC; discussions and emails with U. Emad re employee claims; email to P. Jugoan re employee claim; review employee revised POCs; obtain and review online statements for transactions to be posted to Ascend; review/revise commission summary; emails with A. Dhanani and U. Emad re updating cash flow.
07/10/2019	Arif Dhanani	Call with J. Berger re cash reconciliation and report; call with LBC Capital re photocopier in Quebec office; emails from/to L. Jaggan re website and other

Date	Professional	Description
		matters; emails from/to B. Wong re WEPPA; email from/to U. Emad re account receivable.
07/10/2019	Usama Emad	Respond to creditors' inquires related to S. 245 notice; update the control sheet for tracking as needed for received CAs or emailed CIMs; coordinate Calgary and St. Catharines site visits for purchasers; discussion with B. Wong regarding the cash flow analysis for week 4; obtain Moneris transaction report; review A/R collections support provided by Amax staff; respond to inquiry from former employee regarding claims, including issues with commissions and vacation pay; update WEPP calculation worksheet for revised amounts and tracking of claims submitted while reviewing POC forms submitted; submit employee WEPP claims.
07/11/2019	Anne Baptiste	Prepare disbursements cheques; process receipts.
07/11/2019	Brenda Wong	Review and update cash flow; review Global Payments statements and email to Global Payments to inquire when it will be releasing the June deposits; review draft response re employee WEPP claim; review cash flow, make changes and reconcile to Ascend.
07/11/2019	Donna Nishimura	Deposit cheques at the bank.
07/11/2019	Daniel Weisz	Review and sign cheques and discussion with A. Dhanani on same.
07/11/2019	Arif Dhanani	Call with B. Pronk, General Counsel for 3M; email to 3M re pick up of inventory relating to 30 day goods claim; discussions with J. Berger re information for CIBC update report; respond to emails and calls from various suppliers; commence drafting CIBC update report.
07/11/2019	Jeff Berger	Communicate with various prospective purchasers regarding the sales process and inventory lots; review of week 4 cash flow report and discuss same with A. Dhanani; review of outstanding accounts receivable listing and discuss same with M. Baum.
07/11/2019	Usama Emad	Respond to creditors' inquires related to S. 245 notice; update the control sheet for tracking as needed for received CAs or emailed CIMs; conduct site visit for one purchaser; update cash flow analysis for week 4, up to July 10 th ; obtain Moneris transactions report; respond to inquiry from former employee regarding claims, including issues with commissions and vacation pay; email responses to employees; continue to revise WEPP calculation worksheet for updated amounts and track claims submitted while reviewing POC forms submitted; test additional samples for inventory.
07/12/2019	Daniel Weisz	Review draft update to CIBC and provide comments on same to A. Dhanani.
07/12/2019	Brenda Wong	Update cash flow to July 11; review employee emails re amounts owed and draft response; review draft of second report to CIBC; review and follow up re Amax correspondence; follow up re commission information for employee claim.
07/12/2019	Donna Nishimura	Deposit cheques at the bank.
07/12/2019	Arif Dhanani	Review of email from 3M re pick up of 30 day goods and forward same to L. Jaggan to coordinate pick up; email to F. Legare responding to questions on payment of June 2019 invoice and commission amounts; complete draft update report to CIBC and send to B. Tannenbaum and D. Weisz for comments; finalize report and send same to CIBC.

Date	Professional	Description
07/12/2019	Usama Emad	Respond to creditors' inquires related to S. 245 notice; provide purchasers with the final lot listings; update cash flow analysis for Week 4, up to July 11 th ; obtain Moneris transactions report; answering inquiry of former employees regarding claims, including issues with commissions and vacation pay; continued to work on WEPP calculation worksheet for updates to amounts and tracking of claims submitted while reviewing proof of claims forms submitted; continued to submit the remaining approved POC and WEPP claims; prepared cheque requisition for Enbridge gas.
07/12/2019	Bryan Tannenbaum	Review and edit second report to CIBC.
07/13/2019	Ryan Lim	Email to A. Dhanani and instructions to G. McDonald.
07/15/2019	Usama Emad	Continue to work on WEPP calculation worksheet for updates to amounts and tracking of claims submitted while reviewing POC forms submitted; submit two amendments for employee WEPP claims; prepare letters, form 31 proof of claim and schedule A for employees terminated as of July 12 and provide to B. Wong for review; review bills; select samples to test from final lot listings, and perform inventory counts for each lot; document and investigate variances as needed.
07/15/2019	Jeff Berger	Review of final inventory lot listings for the Receiver's sales process and discuss same with J. Gordon and A. Dhanani; communicate with various prospective purchasers regarding the final lot listings, the bid submission process, etc.; meet with prospective purchaser on site to provide a tour.
07/15/2019	Arif Dhanani	Draft Receiver's First Report to Court; respond to various emails and calls from creditors; emails from/to D. Allery; review of invoices sent by R. Borland and email to R. Borland re charges for consultation with Amax being charged to Receiver; email draft report to M. Valente at Scarfone Hawkins for comments.
07/15/2019	Brenda Wong	Respond to question re former employee status; follow up re commission reporting for ROEs to be issued on July 19; review May commission information and send to employee; prepare cheque requisition for employee expense reimbursement; discussion with U. Emad re WEPP letters and forms to be prepared; review WEPP worksheet and calculations for WEPP claims for employees terminated July 12; call from Service Canada re reason for former employee's termination; review correspondence received and forward to appropriate parties to deal with same; discussion with CRA re refusal of RC59; call from former employee re 2018 T4 issued with incorrect numbers.
07/16/2019	Daniel Weisz	Discussion with A. Dhanani re the sales process.
07/16/2019	Brenda Wong	Review 2018 payroll records in response to employee inquiry and emails with Deluxe re same; revise and finalize WEPP letters and forms; respond to email from counsel for former employee; respond to emails re A/R; email to P. Jugoon re employee not on payroll; call from employee re how to complete the POC form.
07/16/2019	Arif Dhanani	Review various invoices from shipping, utility and other suppliers and facilitate payment of same; discussions with J. Berger re Court report; review of email from D. Allery and correspond with B. Wong re same; email to M. Valente re Toyota Credit registration in Quebec; call with B. Tannenbaum and P. Cho re Amax trade name and ERP system; attend to receivership administration.
07/16/2019	Usama Emad	Provide two purchasers with tours of the St. Catharines facility; correspond with purchasers re bid inquiries or actual bid; follow up regarding sample

Date	Professional	Description
		inventory count variances and document findings; select and test additional samples as needed, document results and report to J. Berger; send out WEPP Employee Information files to employees for whom WEPP claims have been submitted; correspond with former employees re questions on POC form; follow up with Cogeco.
07/16/2019	Bryan Tannenbaum	Call with P. Cho as lawyer for a prospective purchaser.
07/16/2019	Jeff Berger	Respond to various emails and calls from prospective purchasers regarding the Receiver's bid process, inspection of the lots, etc.; review employee commission calculations provided by J. Gordon and discuss same with B. Wong.
07/17/2019	Brenda Wong	Email to former employee re applying for WEPP; emails and call with former employee re incomplete POC; update the cash flow for July 12 activity; email to BMO re current balance of funds in Amax's accounts; review commission calculation for employee and send to employee; review A/R collection cheques received today; prepare paperwork for posting of Moneris/Global settlements; discussions with J. Berger and email to J. Gordon re commission calculation; review general correspondence.
07/17/2019	Arif Dhanani	Review comments from counsel re Receiver's First Report and incorporate same, as appropriate; send copy of First Report to D. Weisz for final review; review briefing memo from RSM Calgary re most recent attendance; review comments from D. Weisz and incorporate same into report, as appropriate, discussion with D. Weisz re certain comments; call with counsel re finalizing report, assemble appendices for report, scan and send same to counsel for service; review revised CIM for added lot and email to potential purchasers and email to J. Berger in this regard; call with B. Tucci re Receiver's report.
07/17/2019	Usama Emad	Correspond with purchasers re sales process; follow up regarding additional sample inventory count variances and document findings; update the week 4 cash flow monitoring through July 12th and request statements from financial institutions; review finalized WEPP letters to employees terminated as of July 12; correspond with former employees re POC forms; call Cogeco and Alectra regarding status of accounts and update on billing cycles for the Receiver's accounts; update the utilities and services tracking file; update A/R analysis as of July 17, 2019.
07/17/2019	Daniel Weisz	Review report to court and discussion with A. Dhanani on same.
07/17/2019	Jeff Berger	Review numerous creditor inquiries and respond to same; discuss certain collection issues with M. Baum; review of commission calculations and discuss same with A. Dhanani; respond to inquiries from prospective purchasers; amend the CIM and distribute same to prospective purchasers.
07/18/2019	Brenda Wong	Review POC and email to employee to confirm receipt and status.
07/18/2019	Arif Dhanani	Respond to email from CIBC re Receiver's report; calls with J. Berger on questions from potential purchasers; email to J. Berger re reconciliation of cash collections to sales and A/R; call with counsel to potential purchaser.
07/18/2019	Usama Emad	Correspond with purchasers re sales process; prepare offer summary template for incoming bids; correspond with former employees re POC forms; review and submit POC forms and WEPP claims; update WEPP worksheet and calculations; review invoices and add creditors to creditors list as needed; provide update to J. Berger re same.

Date	Professional	Description
07/18/2019	Jeff Berger	Respond to inquiries from prospective purchasers re bid requirements, wire instructions, and other information requests; receipt and review of certain offers and update bid summary re same.
07/19/2019	Daniel Weisz	Review and sign cheques.
07/19/2019	Anne Baptiste	Prepare disbursement cheques; process banking receipts; process receipts for deposits.
07/19/2019	Arif Dhanani	Discussions with J. Berger re offers; call with B. Shapiro, counsel for potential purchaser; review of offer summary sheet and further discussion with J. Berger; facilitate posting of Receiver's Motion Record and First Report on website; review and sign off on cheques to various suppliers.
07/19/2019	Brenda Wong	Respond to employee emails re completing the POC; respond to call from Service Canada re former employee; submit ROEs for employees terminated July 12.
07/19/2019	Usama Emad	Correspond with former employees regarding WEPP claims, including providing a status update for claims submitted.
07/19/2019	Jeff Berger	Receipt and review of offers; discuss same with A. Dhanani; update bid summary; discuss indirect tax obligations with B. Qin.
07/20/2019	Ryan Lim	Attend at Calgary warehouse to tour premises.
07/22/2019	Brenda Wong	Review online statement for credit card fees and payments for week ended July 19, 2019 and prepare paperwork for posting to Ascend; review commissions payable and post numbers for payroll to be processed for July 31 pay; review employee POC form and respond re same; review employee POC re April pay and overtime pay not received.
07/22/2019	Arif Dhanani	Call with J. Berger to discuss offer summary and commission calculations for telephone sales and accounts receivable collections; review offer summary and finalize same, send final summary to CIBC; review commission calculations and approve same; call with C. Adair; exchange emails with B. Tucci at CIBC; messages for counsel on: (i) independent legal opinions for Quebec and Alberta; and (ii) sales process offer summary and next steps.
07/22/2019	Daniel Weisz	Review summary of offers and discussion with A. Dhanani on same.
07/22/2019	Usama Emad	Update the creditors list for invoices received from previously unknown creditors.
07/22/2019	Jeff Berger	Review of offers and discussion with A. Dhanani re same; finalize bid summary.
07/23/2019	Betsy Qin	Estimate sales tax liability, based on reports from Amax computer system, as per J. Berger's request.
07/23/2019	Brenda Wong	Review employee claims; contact WCB re notice of legal action received; contact WSIB re its letter of June 21.
07/23/2019	Arif Dhanani	Call with independent legal counsel re outstanding legal opinions; review of emails from shipping suppliers; call with counsel re offer summary and discussion thereof, next steps and scheduling call with potential purchaser's counsel; email to potential purchaser's counsel; discussion with J. Berger re drafting letters to unsuccessful bidders, next steps and outline for Receiver's second report to Court; review Amax sales tax liability/refund schedule forwarded by J. Berger and meet with J. Berger to discuss same and next steps; conference call with Receiver and potential purchaser's counsel to

Date	Professional	Description
		discuss next steps re agreement of purchase and sale ("APS"), purchase of ERP system, A/R, leases, etc.
07/23/2019	Donna Nishimura	Deposit cheques at the bank.
07/23/2019	Usama Emad	Correspond with former employees regarding WEPP claims, including review of newly submitted POCs and follow up on missing information; discuss status of WSIB and WSB Alberta accounts with B. Wong; follow up with utility companies.
07/23/2019	Jeff Berger	Review of HST analysis from RSM indirect tax group and discuss same with A. Dhanani; call with J. Gordon re HST reports and information needed; calls from various prospective purchasers re bid results and next steps.
07/23/2019	Ryan Lim	Attend at Calgary warehouse to tour facility and make observations.
07/24/2019	Usama Emad	Correspond with former employees regarding WEPP claims, including review of newly submitted POCs and follow up on missing information; follow up with Servus for account statement and bank draft; draft letters to unsuccessful bidders; correspond with creditors re process for unsecured claims; update to the creditors listing, as needed.
07/24/2019	Brenda Wong	Review payroll records from controller's office; follow up re transfer of funds held by Servus; respond to employer email requesting Amax's HST number; file amended ROEs for terminated employees; review chargeback notice received and forward to M. Baum; review revised POC from former employee.
07/24/2019	Arif Dhanani	Review email from L. Jaggan re tradeshow booth and respond thereto; review email from L. Jaggan re copy of Receiver's motion record received at Amax St. Catharines facility and respond thereto; complete documentation for receipt of wire transfer from 15509349 Canada Inc. for deposit on offer to purchase assets of Amax; email to RSM Calgary re discontinuation of B. Almasi's services and temp labour services in Calgary; call with M. Baum; emails to/from counsel; discussion with J. Berger re HST and PST, sign release re RCAP leasing convention booth.
07/24/2019	Daniel Weisz	Discussion with B. Wong re wire transfer to be made re payroll; discussion with N. Petrozzi of CIBC re payroll processing.
07/24/2019	Jeff Berger	Review of draft release for RCAP Leasing Inc. and discuss same with A. Dhanani; call with J. Gordon re request for Input Tax Credit support.
07/24/2019	Ryan Lim	Discussions with A. Dhanani and B. Almasi.
07/25/2019	Daniel Weisz	Register at CIBC re online payments.
07/25/2019	Donna Nishimura	Deposit cheques at the bank.
07/25/2019	Jeff Berger	Review and sign letters to unsuccessful offerors; call with M. Baum re outstanding receivable balances.
07/25/2019	Usama Emad	Contact all unsuccessful bidders to confirm they were unsuccessful; draft letters to all unsuccessful bidders to be sent, along with any deposits received; follow up with Telus re Receiver's request and provide J. Berger with update re same; follow up with WSIB regarding a new account for the Receiver; employee calls and correspondence regarding WEPP.
07/26/2019	Daniel Weisz	Process online wire transfer re payroll and discussion with B. Wong on same; discussion with A. Dhanani on various matters; review and sign cheques.

Date	Professional	Description
07/26/2019	Brenda Wong	Prepare and submit wire transfer request for funding of July 31 payroll and calls to Deluxe and CIBC re same; review and respond to employee re his POC and Receiver's disallowance of claim for draw; obtain updated CIBC online statement and update cash flow monitoring re same; obtain updated Global Payments statement and update cash flow; follow up re chargeback notice and other correspondence received.
07/26/2019	Arif Dhanani	Review draft APS and comment on/change same and send to counsel; call with counsel re changes to APS; review A/R listing and provide purchaser with aged balance outstanding, number of customers with outstanding balances and average account balance to consider purchase of accounts receivable.
07/26/2019	Jeff Berger	Review of updated receivables listing and discuss same with M. Baum.
07/26/2019	Anne Baptiste	Prepare disbursement cheques; process wire payment and bank deposits.
07/26/2019	Usama Emad	Correspond with former employees regarding WEPP claims, including review of newly submitted POCs and follow up on missing information; follow up with WSIB for new account set up; return call from account debtor regarding outstanding balance and request for invoice; request support for update of cash flow through July 26th.
07/26/2019	Ryan Lim	Attend at Calgary warehouse and tour premises.
07/29/2019	Brenda Wong	Review CIBC online statement for July 26 activity; update and review cash flow; prepare paperwork for posting of Moneris credit card payments and fees for week ending July 26; review employee POC and payroll records and send email to employee re Receiver's assessment of her claim.
07/29/2019	Arif Dhanani	Emails from/to B. Wong re Moneris charge back for pre-receivership transaction; review email from WeirFoulds and email to C. Yamashita re same; exchange emails with C. Yamashita re sale of ERP system and next steps; complete cheque requisitions for rent for the month of August 2019 and email to B. Wong in this regard; emails to/from F. Legare regarding Quebec office; email to Quebec landlord re occupation for August 2019; email to G. Alloway to follow up on receipt of Quebec and Alberta legal opinions; review of email from WeirFoulds and respond to same, subsequent email to C. Yamashita in this regard; review of email from B. Wong to B. Almasi, former employee; review invoices from Loomis, Kelly Services and B. Almasi and complete cheque requisitions for same.
07/29/2019	Daniel Weisz	Review and sign cheques.
07/29/2019	Donna Nishimura	Deposit cheques at the bank.
07/29/2019	Jeff Berger	Review of sales tax liabilities and discuss same with A. Dhanani and B. Qin; draft the Receiver's Second Report and discuss same with A. Dhanani.
07/29/2019	Usama Emad	Correspond with former employees regarding WEPP claims, including review of newly submitted POCs and follow up on missing information; follow up with WSIB for new account set up; complete the cash flow reporting through July 26, 2019 and provide to B. Wong for final review; assist J. Berger with the Input Tax Credits ("ITC") analysis; call Revenue Quebec to inquire about QST registration for Amax Health Inc., inquire about the obligations of the Receiver and the registration process, and report to J. Berger re same.
07/29/2019	Ryan Lim	Attend at Calgary warehouse to tour premises.

Date	Professional	Description
07/29/2019	Betsy Qin	Discussion with J. Berger and I. Hatia re sales tax filing options; research re flow thru of liability from predecessors to Amalco.
07/30/2019	Usama Emad	Correspond with former employees regarding WEPP claims, including review of newly submitted POCs and follow up on missing information; review general correspondence; call with employee J. Gordon regarding review of historic invoices for ITC analysis.
07/30/2019	Brenda Wong	Review employee's revised POC and respond with required corrections; review email from Servus; review payroll records re employee's claim to not have been paid for April; review employee information to be submitted to WEPP; discussion with U. Emad re employee claims.
07/30/2019	Donna Nishimura	Deposit cheques at the bank.
07/30/2019	Jeff Berger	Review of HST and ITC support provided by J. Gordon and discuss same with U. Emad.
07/30/2019	Arif Dhanani	Review of email from Carson International re GST input tax credits and shipment received, contact L. Jaggan with respect to shipment, review email from L. Jaggan and respond to Carson International; call with M. Baum.
07/30/2019	Ryan Lim	Email report to A. Dhanani for previous two attendances at the Calgary warehouse.
07/31/2019	Anne Baptiste	Prepare June bank reconciliation; process receipts; process deposits and deposit requisitions; prepare disbursement cheques; prepare cheque requisitions; filing.
07/31/2019	Usama Emad	Update creditors listing and email S. 245 notice to and unsecured creditor.
07/31/2019	Betsy Qin	Call with J. Berger and I. Hatia re next steps for sales tax filings.
07/31/2019	Arif Dhanani	Review of emails between B. Wong and L. Jaggan, review files for outstanding unpaid invoice for Loomis and respond to B. Wong and L. Jaggan; review invoice from F. Legare and forward same for payment to F. Legare; review email from WeirFoulds and respond thereto.
07/31/2019	Brenda Wong	Respond to email re payment of Loomis invoice; respond to correspondence from creditors; review and sign disbursement cheques.
07/31/2019	Jeff Berger	Call with I. Hatia and B. Qin re provincial tax issues and the various options available to the Receiver; call with A. Dhanani to discuss same; draft memo to file re provincial tax issues; review email from M. Baum re write off of customer receivables and respond to same.
		To all other administrative matters with respect to this engagement, including supervision, all meetings, telephone attendances, and written and verbal correspondence to facilitate the foregoing.

FEE SUMMARY

Professional	Level	Hours	Rate	Fees
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT	President	1.0	\$ 550	550.00
Daniel R. Weisz, CPA, CA, CFF, CIRP, LIT	Senior Vice President	4.7	\$ 525	2,467.50
Arif N. Dhanani, CPA, CA, CIRP, LIT	Vice President	61.6	\$ 395	24,332.00
Brenda Wong, CIRP, LIT	Senior Manager	46.7	\$ 395	18,446.50
Jeffrey K. Berger, CPA, CA	Manager	56.4	\$ 295	16,638.00
Ryan Lim, CPA, CA	Manager	3.3	\$ 295	973.50
Betsy Qin, CPA, CA	Manager (Indirect Tax)	2.2	\$ 450	990.00
Usama Emad, CPA	Senior Associate	74.2	\$ 195	14,469.00
Donna Nishimura	Estate Administrator	2.1	\$ 110	231.00
Anne Baptiste	Estate Administrator	8.8	\$ 110	968.00
Total hours and professional fees		261.0		\$ 80,065.50
Disbursements				
Locksmith			\$ 285.33	
Travel			1,970.43	
Photocopies			364.00	
Postage			169.50	
Total disbursements				2,789.26
Total professional fees and disbursements				\$ 82,854.76
HST @ 13%				10,771.12
Total payable				\$93,625.88

VISA/MASTERCARD

Payments can be made by calling the Accounts Receivable Department at 647.726.0483.

WIRE PAYMENT DETAILS

Please contact Donna Nishimura at 647.727.3552 for wire instructions.

Invoices are due upon receipt
 RSM Canada Limited

EXHIBIT "B"

**Calculation of Average Hourly Billing Rates of
RSM Canada Limited
for the period July 1, 2019 to July 31, 2019**

Invoice No.	Billing Period	Total Fees	Disbursements	HST	Hours	Average Hourly Rate	Total
2	July 1, 2019 to July 31, 2019	\$ 80,065.50	\$ 2,789.26	\$10,771.12	261.00	\$ 306.76	\$ 93,625.88

This is Exhibit "B" to the Affidavit of
Bryan A. Tannenbaum, sworn on August 22, 2019



A Commissioner for the taking of Affidavits, etc.

Daniel Raphael Weisz, a Commissioner, etc.
Province of Ontario, for RSM Canada LLP
and RSM Canada Limited.
Expires January 5, 2021

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

and

AMAX HEALTH INC.

Respondent

AFFIDAVIT OF ZACHARY PRINGLE

I, Zachary Pringle, of the city of Toronto, Province of Ontario, MAKE OATH AND SAY:

1. I am a lawyer qualified to practice law in the Province of Ontario, and am an associate with the law firm of Scarfone Hawkins LLP, lawyers to RSM Canada Limited ("RSM") in its capacity as Court appointed receiver of Amax Health Inc. ("Amax") (the "**Receiver**"), and as such, I have knowledge of the matters to which I hereinafter depose.
2. Our firm was retained to act as counsel to the Receiver on or about June 5, 2019.
3. In connection with acting as counsel to the Receiver, a total of \$19,476.60 inclusive of disbursements and HST was charged by Scarfone Hawkins LLP for the period commencing July 11, 2019 to August 9, 2019, inclusive (the "**Activity Period**"). Attached as **Exhibit "A"** to this my affidavit is a true copy of Scarfone Hawkins LLP account dated August 9, 2019 (the "**Account**").
4. The Account is a fair and accurate description of the services provided, the disbursements incurred and the amounts charged by Scarfone Hawkins LLP. A copy of

the Account has been provided to the Receiver. I am advised by the Receiver that the Receiver has reviewed the Account and it considers the fees and disbursements fair and reasonable.

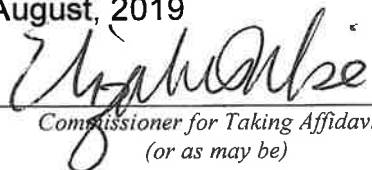
5. To the best of my knowledge the rates charged by Scarfone Hawkins LLP in connection with acting as counsel to the Receiver are comparable to the rates charged by other law firms in the Hamilton market for the provision of similar services.

6. The hourly billing rates set out in the account are in the normal hourly rates charged by Scarfone Hawkins LLP for services rendered in relation to similar proceedings.

7. Attached as **Exhibit "B"** is a schedule summarizing the Invoice including the total billable hours charged, the total fees charged and the average hourly rate charged. Our firm expended a total of 37.25 hours in connection with this matter for the Activity Period.

8. I make this affidavit solely in support of an order approving the fees and disbursements of counsel for the Receiver and for no improper purpose.

SWORN BEFORE ME at the
City of Hamilton, in the
Province of Ontario 21st day of
August, 2019



Commissioner for Taking Affidavits
(or as may be)

Elizabeth Ellen Wise, a Commissioner, etc.,
Province of Ontario, for Scarfone Hawkins LLP,
Barristers and Solicitors,
Expires June 23, 2020.



ZACHARY PRINGLE

These are Exhibits "A" to "B" referred to in the Affidavit of
Zachary Pringle, sworn August 21, 2019



Elizabeth Ellen Wise

Commissioner for Taking Affidavits (or as may be)

**Elizabeth Ellen Wise, a Commissioner, etc.,
Province of Ontario, for Scarfone Hawkins LLP,
Barristers and Solicitors.
Expires June 23, 2020.**

RSM CANADA LIMITED
11 KING STREET WEST
SUITE 700, BOX 27
TORONTO, ONTARIO
M5C 4C7 CANADA

ARIF DHANANI, VICE PRESIDENT

INVOICE NUMBER:
152914
DATE:
August 9, 2019
OUR FILE NO.:
19L0200

Scarfone Hawkins LLP

IN ACCOUNT WITH

LAWYERS AND TRADE-MARK AGENTS
ONE JAMES STREET SOUTH
14TH FLOOR
P.O. BOX 926, DEPOT #1
HAMILTON, ONTARIO
L8N 3P9

TELEPHONE 905-523-1333
TELEFAX 905-523-5878

H.S.T. REGISTRATION NO. 873984314 RT - 0001

RE: AMAX HEALTH INC., RECEIVERSHIP

TO ALL PROFESSIONAL services rendered in connection with the above-noted matter to Aug 09/19

DATE	TIMEKEEPER	HOURS	DESCRIPTION
07 /11/19	MJV	0.10	<i>Emails from and to receiver;</i>
07 /11/19	MJV	0.20	<i>Correspondence from and to PriMed;</i>
07 /11/19	MJV	0.20	<i>Telephone attendance with D. Welsh of PriMed;</i>
07 /11/19	MJV	0.10	<i>Emails from and to PriMed;</i>
07 /12/19	MJV	0.20	<i>Correspondence from and to Weir Foulds;</i>
07 /15/19	MJV	0.10	<i>Emails from and to Weir Foulds;</i>
07 /15/19	MJV	0.10	<i>Emails from and to PriMed;</i>
07 /16/19	MJV	0.30	<i>Considering and advising with respect to Receiver's sale terms and conditions;</i>
07 /16/19	MJV	0.90	<i>Reviewing receiver's draft first report; amending same; correspondence from and to the receiver;</i>
07 /17/19	MJV	1.60	<i>Emails from and to A. Dhanani; telephone attendance with A. Dhanani discussing receiver's draft report and amending same; telephone attendance with A. Dhanani reviewing Confidential Information Memorandum and suggested amendments to same;</i>
07 /17/19	MJV	0.30	<i>Amending the Information Memorandum; email to RSM;</i>

Account payable upon receipt. In accordance with the Section 33 of the Solicitors Act, interest will be charged at the annual rate stated calculated from 30 days after delivery of this account. A receipted account will not be mailed unless requested by you

07 /17/19	MJV	0.20	Telephone attendance with A. Dhanani discussing issues at hand;
07 /17/19	MJV	1.70	Drafting notice of motion and Order; instructions regarding compilation of motion record;
07 /18/19	MJV	0.40	Receiving and reviewing receiver's draft report; drafting affidavit of Z. Pringle and exhibit thereto;
07 /18/19	MJV	0.90	Drafting factum; instructions regarding compilations of book of authorities;
07 /18/19	MJV	0.30	Receipt and review of correspondence from Weir Foulds; receiving and reviewing proposed amendments to terms and conditions; correspondence to receiver;
07 /18/19	MJV	0.10	Emails from and to RSM;
07 /18/19	MJV	0.60	Reviewing and revising notice of motion, order and affidavit materials; reviewing and revising Service List; instructions to clerk;
07 /18/19	MJV	0.20	Emails from and to receiver; email from Weir Foulds;
07 /18/19	MJV	0.10	Telephone attendance on Toyota Canada;
07 /18/19	MJV	0.20	Correspondence from and to receiver regarding LBC Capital lease;
07 /18/19	MJV	0.20	Correspondence from and to Weir Foulds;
07 /18/19	MJV	0.10	Correspondence to receiver;
07 /18/19	MJV	0.10	Drafting and submitting motion confirmation form;
07 /19/19	MJV	0.10	Emails from and to RSM;
07 /19/19	CY	0.20	Considering and advising on sealing;
07 /22/19	MJV	0.30	Receipt and review of summary of bids; correspondence to receiver;
07 /23/19	MJV	0.10	Telephone attendance with J. Berger;
07 /23/19	MJV	0.60	Telephone attendance with A. Dhanani; telephone attendance with prospective purchaser's counsel;
07 /23/19	MJV	1.20	Reviewing and revising factum;
07 /23/19	MJV	0.20	Emails from and to receiver and Weir Foulds;
07 /23/19	MJV	0.10	Emails from and to receiver;
07 /23/19	MJV	0.40	Telephone attendance with P. Cho and A. Dhanani;
07 /23/19	MJV	0.20	Telephone attendance with A. Dhanani;
07 /23/19	MJV	0.20	Emails from and to opposing counsel;
07 /23/19	MJV	0.10	Correspondence to trustee;

07 /23/19	MJV	0.50	<i>Drafting Asset Purchase Agreement;</i>
07 /23/19	CY	2.60	<i>Drafting factum; preparing case brief;</i>
07 /24/19	MJV	0.30	<i>Drafting RCAP Leading release; email to RSM;</i>
07 /24/19	MJV	0.20	<i>Emails from and to RSM; email to P. Cho;</i>
07 /24/19	MJV	2.60	<i>Drafting Agreement of Purchase and Sale;</i>
07 /24/19	MJV	1.10	<i>Preparing for motion;</i>
07 /25/19	MJV	2.60	<i>Attendance on motion before Mr. Justice Parayeski; reporting to RSM;</i>
07 /25/19	MJV	0.10	<i>Emails from and to receiver;</i>
07 /25/19	MJV	0.10	<i>Correspondence to the Service List;</i>
07 /25/19	MJV	0.80	<i>Emails from and to P. Cho and receiver; reviewing and revising agreement of purchase and sale;</i>
07 /25/19	MJV	0.10	<i>Emails from and to RSM Canada;</i>
07 /25/19	MJV	0.20	<i>Telephone attendance with A. Dhanani;</i>
07 /25/19	MJV	0.20	<i>Telephone attendance with P. Cho; email to Weir Foulds;</i>
07 /25/19	MJV	0.10	<i>Reporting email to RSM Canada;</i>
07 /25/19	CY	0.20	<i>Reviewing report to Dhanani; correspondence received from Dhanani;</i>
07 /25/19	CY	0.60	<i>Reviewing various correspondence exchanged with Cho and Dhanani; reviewing asset purchase agreement;</i>
07 /26/19	MJV	0.90	<i>Receipt and review of correspondence from RSM; receipt and review of proposed amendments to draft APS; receipt and review of aged A/R; telephone attendance with A. Dhanani; amending APS; emails from and to purchaser's counsel; emails from and to RSM;</i>
07 /26/19	MJV	0.10	<i>Emails from and to B. Murray;</i>
07 /26/19	MJV	0.30	<i>Emails from and to receiver and Weir Foulds;</i>
07 /26/19	CY	0.80	<i>Receipt and review of correspondence received from RSM and revisions to APS; telephone conference with A. Dhanani and MJV; considering and advising on status of file and next steps;</i>
07 /26/19	CY	0.60	<i>Revising Asset Purchase Agreement; reviewing various correspondence exchange with RSM and Weirfoulds;</i>
07 /29/19	CY	0.40	<i>Various correspondence received from and forwarded to Weirfoulds and RSM;</i>
07 /29/19	CY	0.20	<i>Correspondence received from Weirfoulds; correspondence received from and forwarded to RSM;</i>

Account payable upon receipt. In accordance with the Section 33 of the Solicitors Act, interest will be charged at the annual rate stated calculated from 30 days after delivery of this account. A receipted account will not be mailed unless requested by you

07 /29/19	CY	0.45	Reviewing terms and conditions;
07 /30/19	MJV	0.20	Receiving and reviewing emails from and to RSM and Weir Foulds;
07 /31/19	CY	0.10	Correspondence received from Dhanani;
07 /31/19	CY	0.20	Correspondence received from Cho and Dhanani;
07 /31/19	CY	0.20	Correspondence received from Allen regarding terms of deposit and undertaking;
08 /01/19	CY	0.20	Correspondence exchanged with RSM; reviewing correspondence forwarded to Weir Foulds;
08 /01/19	CY	0.20	Correspondence received from WeirFoulds; reviewing correspondence forwarded to Weirfoulds from RSM; further correspondence received from Weirfoulds;
08 /02/19	MJV	0.10	Emails from Weir Foulds; email to receiver;
08 /02/19	MJV	0.20	Receipt and review of correspondence from Weir Foulds and RSM;
08 /06/19	MJV	0.10	Correspondence from and to B. Murray;
08 /07/19	MJV	0.80	Receipt and review of purchaser amendments to Agreement of Purchaser and Sale; memo to file;
08 /07/19	MJV	1.40	Telephone conference with A. Dhanani and Jeff Berger discussing purchaser's amended agreement of purchase and sale;
08 /08/19	MJV	2.30	Reviewing and revising asset purchase agreement; correspondence to purchaser's counsel;
08 /08/19	MJV	0.30	Reviewing and revising draft Agreement of Purchase and Sale;
08 /08/19	MJV	0.10	Correspondence to receiver;
08 /08/19	MJV	0.20	Receiving and reviewing receiver's comments to revised draft; amending draft agreement;
08 /08/19	MJV	0.10	Emails from and to purchaser's counsel;
08 /08/19	MJV	0.40	Correspondence from and to Toyota Credit Canada; telephone attendance with H. Chan;
08 /08/19	CY	0.20	Reviewing correspondence forwarded to Weirfoulds; reviewing revised APS;
08 /09/19	MJV	0.10	Emails from and to receiver;
08 /09/19	MJV	0.20	Emails from and to receiver; telephone attendance on trial co-ordinator;
08 /09/19	MJV	0.10	Email to trial co-ordinator;
08 /09/19	MJV	0.40	Telephone attendance with Phil Cho discussing amendments to Asset Purchase Agreement;
08 /09/19	MJV	0.20	Reporting to RSM Canada;

TIMEKEEPER SUMMARY

Timekeeper	ID	Hours	Rate	Total
MICHAEL J. VALENTE	MJV	30.10	\$475.00	\$14,297.50
COLLEEN YAMASHITA	CY	7.15	\$350.00	\$2,502.50
TOTAL FEES:				<u>\$16,800.00</u>

FEE	PLUS H.S.T.	DISBURSEMENTS	H.S.T EXEMPT	H.S.T NON- EXEMPT	PLUS H.S.T.	GRAND TOTAL
\$16,800.00	\$2,184.00					\$18,984.00
		FILE MOTION RECORD	\$320.00			\$320.00
		POSTAGE		\$1.74		\$1.74
		COURIER CHARGE(S)		\$151.00		\$151.00
\$16,800.00	\$2,184.00		\$320.00	\$152.74	\$19.86	\$19,476.60

BALANCE DUE TO THIS OFFICE: \$19,476.60
PREVIOUS AMOUNT OWING \$7,780.73
PREVIOUS PAYMENTS \$0.00
BALANCE DUE NOW \$27,257.33

THIS IS OUR ACCOUNT,

Per:

SCARFONE HAWKINS LLP



MICHAEL J. VALENTE
 MJV / /
 E. & O.E.

Noelle Oconnell

TRUST STATEMENT

DATE	ITEM	DISBURSEMENTS	RECEIPTS
	TOTAL	<hr/> \$0.00	<hr/> \$0.00
	TRUST BALANCE		\$0.00

SCAREONE HAWKINS LLP

Per:



MICHAEL J. VALENTE

EXHIBIT "B"

Fee Summary:

Professional	Level	Hours	Rate	Fees
Michael J. Valente	Partner	30.10	\$475.00	\$14,297.50
Colleen Yamashita	Partner	7.15	\$350.00	\$2,502.50
Total Hours & professional Fees		37.25		\$16,800.00
HST @ 13.0%				\$2,184.00
TOTAL:				\$18,984.00

**CALCULATION OF AVERAGE HOURLY BILLING RATE OF
SCARFONE HAWKINS LLP**

Billing Period	Total Fees	HST	Hours	Average Hourly Rate
July 11/19 to August 9/19	\$16,800.00	\$2,184.00	37.25	\$412.50

CANADIAN IMPERIAL BANK OF COMMERCE
Applicant

-and- **AMAX HEALTH INC.**
Respondents

Court File No. 19-69485

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT HAMILTON

AFFIDAVIT OF ZACHARY PRINGLE

SCARFONE HAWKINS LLP

Barristers & Solicitors
One James Street South
14th Floor
P.O. Box 926, Depot 1
Hamilton, Ontario
L8N 3P9

Michael J. Valente (LSUC # 23925R)

mvalente@shlaw.ca

Tel: 905-523-1333

Fax: 905-523-5878

Lawyers for the receiver, RSM Canada Limited

RCP-E 4C (July 1, 2007)

Court File No. 19-69485

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

- and -

AMAX HEALTH INC.

Respondent

FIRST REPORT OF THE RECEIVER

July 17, 2019

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I. INTRODUCTION

1. By Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated June 4, 2019 (the "**Appointment Order**"), RSM Canada Limited ("**RSM**") was appointed receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of Amax Health Inc. ("**Amax**", the "**Debtor**" or the "**Company**") acquired for, or used in relation to a business carried on by the Debtor (the "**Property**"). A copy of the Appointment Order is attached hereto as Appendix "**A**".
2. The Appointment Order authorizes the Receiver to, among other things:
 - a) take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
 - b) manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
 - c) receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor; and
 - d) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
3. Paragraph 20 of the Appointment Order authorizes the Receiver to borrow monies to fund the exercise of the powers and duties conferred upon the Receiver by the Appointment Order from time to time, provided that the

outstanding principal amount does not exceed \$50,000 (or such greater amount as the Court may by further order authorize), which advance(s) are secured by way of a fixed and specific charge over the Property (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 (as defined therein) and the charges as set out in sections 14.06(7), 81.4(4) and 81.6(2) of the *Bankruptcy and Insolvency Act* (the "**BIA**").

4. The Appointment Order referred to in this report, together with related Court documents, has been posted on the Receiver's website, which can be found at <https://rsmcanada.com/what-we-do/services/consulting/financial-advisory/restructuring-recovery/current-restructuring-recovery-engagements/amax-health-inc.html>.

Purpose of the First Report

5. The purpose of this first report of the Receiver (the "**First Report**") is to:
 - (a) report to the Court on the activities of the Receiver since the date of the Appointment Order to July 12, 2019;
 - (b) provide the Court with details of the process initiated by the Receiver for the sale of the Company's assets (the "**Sale Process**");
 - (c) provide the Court with information relating to the personal property and security act searches obtained by the Receiver;
 - (d) inform the Court of the independent legal opinion on the validity and enforceability of the security held by Canadian Imperial Bank of Commerce ("**CIBC**"), the Company's senior secured lender;

-
- (e) provide the Court with a summary of the Receiver's cash receipts and disbursements for the period June 4, 2019 to July 11, 2019; and
 - (f) seek an order from the Court:
 - i. approving the First Report and the Receiver's conduct and activities described herein;
 - ii. sealing the CIM (as defined below) until further Order of the Court;
 - iii. approving the R&D (defined below);
 - iv. subject to the Receiver's receipt of independent legal opinions confirming the validity and enforceability of CIBC's security in Alberta and Quebec, authorizing the Receiver to make from time to time interim and/or final distributions from current and future realizations to CIBC up to the amount of Amax's indebtedness to CIBC, including interest thereon; and
 - v. approving the fees and disbursements of the Receiver for the period ended June 28, 2019 and of the Receiver's counsel, Scarfone Hawkins LLP ("**Scarfone Hawkins**") to July 10, 2019.

Terms of Reference

- 6. In preparing this First Report and making the comments herein, the Receiver has relied upon information from third-party sources (collectively, the "**Information**"). Certain of the information contained in this First Report may refer to, or is based on, the Information. As the Information has been provided by other parties, or obtained from documents filed with the Court in this matter, the Receiver has relied on the Information and, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the

Information in a manner that would wholly or partially comply with Canadian Auditing Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.

7. Unless otherwise stated, all dollar amounts contained in the First Report are expressed in Canadian dollars.

II. BACKGROUND

8. On September 1, 2018, Cheeta Alliance Inc., Amax Dental Alberta Inc., Amax Dental Supply B.C. Inc. and Amax Dental Ontario Inc. were amalgamated to form Amax. Amax is an Ontario corporation and distributed dental supplies and small equipment throughout Canada.
9. The Company operated from leased facilities located at 1-27 Seapark Drive in St. Catharines, Ontario ("**Ontario**"), 4900-64th Avenue SE in Calgary, Alberta ("**Alberta**") and 22 Rue J-Marc Seguin in Rigaud, Quebec ("**Quebec**"). The Company's head office is located at the Ontario location and its inventory was housed at, and distributed from, the Ontario and Alberta locations. The Quebec location is a sales office containing limited office furniture and equipment.
10. According to a corporation profile report dated May 23, 2019, Messrs. Carman Dennis Adair, Joseph Taylor Robertson and Clark Robertson are listed as the directors of Amax. A copy of the corporation profile report for Amax is attached hereto as Appendix "**B**".
11. CIBC provided Amax with a \$1,000,000 revolving credit facility by way of loan agreement dated January 8, 2019 (the "**Business Loan**"), which is secured by a general security agreement in favour of CIBC.

- 12. As Amax was in default of its obligations under the Business Loan and by notice of application dated June 3, 2019 ("**Application**"), CIBC sought the appointment of the Receiver.
- 13. On June 4, 2019, the Court issued the Appointment Order, and RSM was thereby appointed as Receiver of Amax.
- 14. Scarfone Hawkins is counsel to CIBC and the Receiver has primarily utilized Scarfone Hawkins as counsel for the receivership administration, except in circumstances where independent legal advice is required by the Receiver. This is discussed below as it relates to the independent legal opinion obtained by the Receiver in respect of CIBC's security.

III. SECURED LENDERS

- 15. The Receiver conducted personal property and security registration system ("**PPSA**") searches for Amax and obtained printouts of same for Ontario, Alberta and Quebec, where the Receiver understands the Company's assets are located. Copies of these PPSA searches for Ontario, dated May 24, 2019; Alberta, dated June 25, 2019; and Quebec, dated June 21, 2019 are attached hereto as Appendices "**C**", "**D**" and "**E**", respectively.
- 16. A summary of the claims registered against Amax in each province are set out below and discussed in further detail thereafter.

Ontario		
Name of Registrant	Registration Date	Collateral
Canadian Imperial Bank of Commerce	January 25, 2019	I, E, A, O, MV
RCAP Leasing Inc.	May 6, 2019	E, A, O

Alberta		
Name of Registrant	Registration Date	Collateral
Canadian Imperial Bank of Commerce	January 25, 2019	All of the debtor's present and after-acquired personal property

Quebec		
Name of Registrant	Registration Date	Collateral
Canadian Imperial Bank of Commerce	January 25, 2019	Conventional charge over all present and future assets
Toyota Credit Canada Inc.	May 11, 2016	Toyota Highlander

CIBC

17. As set out above, CIBC advanced the Business Loan to Amax on January 8, 2019 and received as security a General Security Agreement dated January 11, 2019 in respect of all the present and after acquired personal property of Amax in connection with the business loan advanced (the "**CIBC GSA**"). CIBC appears to have registered its security interest on January 25, 2019 in the provinces of Ontario, Alberta and Quebec, where the assets of the Company are located.
18. As at June 18, 2019, the Receiver understands that CIBC was owed \$739,072 in respect of the Business Loan. A copy of CIBC's account statement as at that date is attached hereto as Appendix "F".
19. The Receiver has received a legal opinion (the "**Legal Opinion**") from Alloway and Associates ("**Alloway**") that, subject to the assumptions and qualifications contained in the Legal Opinion, in Ontario, CIBC has a first

ranking security interest in the Property, subject to any valid PMSIs and registered leases and interests not subject to PPSA. Alloway has advised that its opinion does not extend to the validity and enforceability of CIBC's security in Alberta or Quebec. A copy of the Legal Opinion is attached hereto as Appendix "G". The Receiver is in the process of obtaining independent legal opinions on the validity and enforceability of CIBC's security in Alberta and Quebec.

RCAP Leasing Inc.

20. The Receiver understands that Amax leased a convention booth from RCAP Leasing Inc. ("RCAP") in respect of which RCAP registered a security interest on the Ontario PPSA. Scarfone Hawkins has advised the Receiver that it appears that RCAP's security is valid and enforceable. In order to consider its position with respect to the convention booth, the Receiver consulted with Danbury Global Limited which advised on July 9, 2019 that it estimated that the convention booth could realize between \$4,000 and \$6,500 at auction. On the basis that there is approximately \$53,000 owing on the lease for the booth, the Receiver will be advising RCAP to pick up the booth from the St. Catharines location, where it is currently located.

Toyota Credit Canada Inc.

21. The Receiver notes that the Quebec personal property search reveals a Toyota Credit Canada Inc. ("TTC") registration against the Company. The registration is dated May 11, 2016 and is in respect of a Toyota Highlander motor vehicle. After investigating the matter with Scarfone Hawkins, the Receiver has concluded that TTC does not have a perfected security interest over any assets of the Company. Specifically, the TTC registration is against "Amaxis Inc." and not "Amax". Further, the registered office of the Debtor set out in the security registration is 3150 St. Paul Ouest, Montreal, Quebec, which is not the Company's address in Quebec. Finally, the Company's

management has advised the Receiver that the Company never leased a vehicle in the province of Quebec.

IV. RECEIVER'S ACTIVITIES TO DATE

Possession Taking and Security

22. On June 4, 2019, following the issuance of the Appointment Order, the Receiver attended at the Alberta premises. On June 5, 2019, the Receiver attended at the Ontario premises.
23. The Receiver arranged for a locksmith to attend at the Alberta and Ontario premises to change all locks. The Receiver also contacted the alarm monitoring company at each of these locations and arranged for all security codes to be changed.
24. The Receiver did not attend at the Quebec premises as the Receiver learned that the only individual with access to the Quebec premises is a contractor engaged by the Company and that the assets at the Quebec premises were limited in value.
25. The Receiver effected the redirection of mail from the Calgary and Ontario locations to the Receiver's office. The Receiver understands that the Quebec location receives only a phone bill and alarm monitoring bill, which are both scanned and sent to the Ontario location by the contractor in Quebec.
26. The Receiver understood that the Company had bank accounts with Bank of Montreal ("**BMO**"), CIBC and Servus Credit Union ("**Servus**") and that credit card payments were processed through Global Payments and Moneris (the "**Credit Card Processors**"). On June 5, 2019, the Receiver wrote to BMO and CIBC requesting that the accounts of Amax be frozen and to permit deposits, but no withdrawals and on June 6, 2019, the Receiver wrote to Servus requesting same. On or about June 7, 2019, the Receiver contacted

Global Payments and Moneris to advise of the appointment of the Receiver and to commence the process of re-directing credit card receipts to the Receiver's trust account.

27. On June 7, 2019, the Receiver opened a bank account for the receivership administration at CIBC. Since that time, on a periodic basis, the Receiver has caused any funds accumulated in Amax's BMO and Servus accounts to be transferred to the Receiver's trust account and has had ongoing discussions with Moneris and Global Payments requesting that they remit to the Receiver's trust account any funds in their possession. Moneris has advised that it will be holding back for a period of time approximately \$114,000 to offset any customer chargebacks that may be made.

Books and Records

28. The books and records of the Company are located at the Ontario premises. The Receiver has obtained full and unfettered access to all of Amax's records; however, the Receiver notes that certain records were not maintained by the Debtor.
29. The Receiver is currently in the process of reviewing the Company's books and records and specifically the status of provincial sales tax and harmonized sales tax ("HST") returns. The Receiver understands that Amax had not, as at the date of commencement of the receivership administration, completed or filed any HST returns, which are due quarterly.

Insurance

30. On June 5, 2019, the Receiver contacted Amax's insurance broker (the "Broker") to (i) notify it of the receivership; (ii) enquire if Amax's insurance coverage was still in effect; (iii) confirm that Amax's insurer would continue coverage during the receivership administration; and (iv) if coverage would be continued, that the Receiver be added as a named insured and loss payee.

-
31. The Broker advised the Receiver that Amax's insurance policy was still in effect, but the Company had not paid the premium for the policy. The insurance broker advised that it would need to inquire of the insurer whether coverage would be continued under the receivership administration, but the policy would remain in effect until further notice.
 32. On June 27, 2019, the Broker wrote to the Receiver to confirm that the Company's coverage would be continued, and that the Receiver had been added to the policy as the named insured and loss payee.
 33. The Receiver issued payment of the annual premium for the policy on June 28, 2019.

Company's Retention and Termination of Staff

34. Immediately prior to the appointment of the Receiver, on May 31, 2019, the Company terminated the majority of its staff. Not terminated on May 31, 2019 were six staff members at the Ontario location, one staff member located and working from home in Port Colborne, Ontario, 2 staff members from the Calgary location, 2 staff members located in British Columbia and 1 contractor in Quebec.
35. During the week of June 3 – 7, 2019, the Company's former Controller completed, filed and mailed the terminated employees' records of employment (the "ROEs"). The former CEO and President of the Company, who is the spouse of the Controller, informed the Receiver that the shareholders of the Company advised the Controller that she would be paid \$5,000 to complete this task. The Receiver has not paid this amount on the basis that the Receiver did not enter into any agreement for the performance of this task with the former Controller.
36. After its appointment, on June 5, 2019, the Receiver attended at the Ontario location and held a meeting with the remaining staff and contractor. The

contractor located in Quebec and the employees located in Calgary, British Columbia and Port Colborne attended the meeting by telephone. During the meeting, the Receiver: (i) advised the staff of the Receiver's appointment; (ii) explained the Receiver's intended course of action with respect to continuing the sale of the Company's inventory and collection of accounts receivable; and (iii) gained an understanding of the employees' and contractor's roles within the Company.

37. On June 10, 2019, the Receiver issued 'Term & Task' letters to the 11 remaining employees of the Company. These letters provided information to these employees regarding the terms of their continued employment by the Company.
38. By June 12, 2019, the Receiver had received signed term and task letters from the employees in Ontario, Port Colborne and British Columbia. Upon follow up with the employees in Calgary, one employee (the "**Calgary Sales Employee**") refused to sign the Receiver's term and task letter unless certain language was added to the letter, which language was not acceptable to the Receiver. The Receiver advised the Calgary Sales Employee that the proposed language would not be inserted into the term and task letter. The other Calgary employee (the "**Calgary Warehouse Supervisor**") did not respond.
39. On June 14, 2019, the Calgary Warehouse Supervisor tendered his resignation, effective June 28, 2019. On June 17, 2019, the Receiver was advised by the Calgary Warehouse Supervisor that his resignation would be effective June 21, 2019.
40. On June 14, 2019, upon follow up by the Receiver with the Calgary Sales Employee regarding execution of the term and task letter provided to her, the Calgary Sales Employee advised that she would not sign the letter unless the additional language, among other things, were inserted into the term and task letter. The Receiver advised the Calgary Sales Employee that as a result of

her and the Receiver's inability to come to terms on the term and task letter, June 14, 2019 would be her last day with Amax. The Receiver also confirmed with the Calgary Sales Employee that she had been paid for work to the end of June 14, 2019.

41. On the basis that the Calgary Sales Employee was no longer at Amax and the Calgary Warehouse Supervisor's last day was June 21, 2019, the Receiver required someone to manage the Calgary premises from June 21, 2019 forward.
42. With the assistance of two of the employees retained by the Company, the Receiver caused customer calls being received by Calgary staff to be redirected to the Ontario facility. Upon discussion with these two employees, the Receiver came to understand that a former employee residing in British Columbia had managed the set-up of the Calgary premises and that this individual (the "**Calgary Manager**") possessed the skill set to assist the Receiver with its duties as they related to the Calgary premises.
43. The Receiver contacted the Calgary Manager who was willing to attend at the Calgary premises and manage same. The Receiver immediately made appropriate arrangements with this individual on a contract basis. The Calgary Manager attended at the Calgary premises on June 20, 2019 to work with the Calgary Warehouse Supervisor in order to appropriately transition duties.
44. On July 12, 2019, five employees were terminated by the Company. These employees primarily assisted the Receiver with sales of inventory, which sales ceased on July 12, 2019. The Company continues to employ four employees in Ontario. The Calgary Manager and contractor in Quebec continue to assist the Receiver with its duties in those locations.

Employee Claims and the Wage Earner Protection Program Act (“WEPPA”)

45. Upon the Receiver’s appointment, the Receiver began to receive calls from Service Canada regarding the ROEs submitted by the former Controller. It appears that the reason for termination was listed on the ROEs as “separation”, which the Receiver understands is not terminology that is recognized by Service Canada in respect of claims under WEPPA when an employee is terminated. In addition, the Receiver understands that the online filing of ROEs for the terminated employees was only partially completed by the former Controller. The Receiver completed the online filing of ROEs and has advised Service Canada that the reason for termination of staff by the Company was in anticipation of a receivership or bankruptcy.
46. The Receiver has responded to numerous inquiries from former employees of the Company seeking information and clarification as to the receivership proceedings, the status of payment of amounts owed to them, and how they may file a claim under the WEPPA.
47. Pursuant to the provisions of the WEPPA, the Receiver is required to: (i) provide to Service Canada the names of the workers who are owed employment related amounts by the Company and the amounts they are owed; and (ii) notify employees of the existence of the Wage Earner Protection Program within 45 days of the date of receivership.
48. The Receiver requested from the Company details of the amounts owed to former employees (the “**Arrears Information**”). The Arrears Information was provided by Amax’s Controller, and Chief Executive Officer and President, to the Receiver, which set out the amounts owed to former employees consisting of unpaid payroll, vacation pay, commissions, expenses, termination pay and/or severance and which confirmed that salaries and wages were paid by the Company up to May 31, 2019.

-
49. On June 24, 2019, the Receiver mailed to eligible former employees of the Company an information package which included details of the recipient's claim, a proof of claim form, and instructions on how to apply for a payment under the WEPPA. The information package was sent to 20 former employees of the Company.
50. The Receiver has responded to numerous inquiries from former employees of the Company in respect of the information package and the WEPPA. If an employee did not agree with the amounts that the Company provided to the Receiver, the Receiver obtained the Company's confirmation of the revised amount claimed by the employee or an explanation for why the given employee was not eligible for the additional amounts being claimed, which explanation was then provided by the Receiver to the employee.
51. As of the date of the First Report, the Receiver continues to carry out its obligations with respect to the WEPPA.

Accounts Receivable Collections

52. According to an accounts receivable listing provided to the Receiver, as of the date of the commencement of the receivership, the Company was owed approximately \$987,000 by its customers. The Receiver has been working with Amax employees to effect collection of the outstanding accounts. As at July 11, 2019, the Receiver has collected \$546,966 representing approximately 55% of the Company's outstanding accounts receivable balance as at June 4, 2019.
53. The Receiver intends to proceed with its collection efforts until such time as those collection efforts become ineffective. At that time, depending on the quality and completeness of the books and records supporting the outstanding accounts receivable, and the quantum of the individual account balances, the Receiver will assess the merits of engaging a collection agency

to effect collection of the remaining accounts, or commence litigation to effect their collection.

30-Day Goods

- 54. The Receiver received one 30-day goods claim from 3M Canada Company ("3M") pursuant to the provisions in S. 81.1 of the BIA. Based on its review of 3M's claim and goods located in both the Ontario and Calgary facilities, the Receiver identified goods totaling approximately \$8,500 that were eligible for repossession by 3M (the "3M Returnable Goods"). These goods were segregated in each warehouse and removed from inventory available for sale.
- 55. 3M that it has picked up the 3M Returnable Goods from the Ontario and Alberta premises.

V. SALES PROCESS

- 56. Pursuant to paragraph 3 (i) of the Appointment Order, the Receiver is empowered and authorized to market any of the Property or any parts thereof and negotiate such terms and conditions of sale as the Receiver may deem appropriate.
- 57. On June 24, 2019, the Receiver commenced marketing efforts to sell the Property, including all inventory, furniture, equipment, brand rights, and customer lists.
- 58. On June 24, 2019, the Receiver commenced marketing the Property by preparing a marketing brochure (the "Marketing Brochure") and forwarding the Marketing Brochure to various competitors of the Company, as well as a number of auctioneers/liquidators. The Receiver placed notices advertising the Property for sale in the National Post on June 27, 2019 and July 4, 2019 (collectively, the "Newspaper Advertisements"). Copies of the Marketing

Brochure and the Newspaper Advertisements are attached hereto as Appendix "H".

59. The Receiver prepared a confidentiality agreement ("**CA**") and a confidential information memorandum (the "**CIM**") with the Receiver's terms and conditions of sale to be sent to those parties that executed a CA. As of the date of this First Report, 27 CAs were executed by interested parties and returned to the Receiver. The Receiver sent to each party that executed a CA a copy of the CIM. The CIM contained, among other things, detailed listings of all inventory and equipment lots, terms and conditions of sale, and information regarding the customer lists and private label brands. A copy of the CA is attached hereto as Appendix "I". A copy of the CIM will be provided to the Court as "**Confidential Appendix 1**" on the hearing of the motion.
60. The Receiver respectfully requests that the Court seal the CIM pending further Order of the Court as publicly disclosing same may be prejudicial to the Receiver's sale process, Amax and/or others in the dental supply industry.
61. The Receiver's Sale Process is currently ongoing, and the Receiver has requested that all offers be submitted by July 19, 2019 (the "**Bid Submission Deadline**"). Further information on the marketing campaign will be provided to the Court at a later date, once the Bid Submission Deadline has passed, the Receiver has reviewed the offers received and the Receiver makes an application to Court for sale(s) of the Property.
62. A summary of the timeline of the Receiver's Sale Process is set out below:
 - a) June 25 – July 18, 2019 – inspection of assets by potential purchasers;
 - b) July 12, 2019 – cessation of inventory sales and provide potential purchasers with revised inventory lists to formulate final bids;
 - c) July 19, 2019 – Bid Submission Deadline;

- d) July 24, 2019 – provide notification to successful and unsuccessful bidders;
- e) August 1, 2019 – return deposits to unsuccessful bidders;
- f) August 2 – August 16, 2019 – seek Court approval and close transaction(s); and
- g) August 25, 2019 – Asset removal deadline.

VI. NOTICE AND STATEMENT OF RECEIVER

On June 14, 2019, the Receiver issued its Notice and Statement of Receiver, pursuant to S. 245 and 246 of the *Bankruptcy and Insolvency Act*.

VII. RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

- 63. Attached to this report as Appendix "J" is the Receiver's Interim Statement of Receipts and Disbursements for the period June 4, 2019 to July 11, 2019 (the "R&D"). During this period, receipts were \$1,103,383, while disbursements were \$281,387, resulting in a net cash surplus of \$821,996.
- 64. The Receiver notes that cash receipts totaling approximately \$206,000 are held by either Servus or the Credit Card Processors, which receipts are included in the Receiver's cash receipts set out on the R&D.
- 65. The Receiver's disbursements for the period ending July 11, 2019 include, *inter alia*, payroll and related costs of \$87,741, occupation rent of \$42,702, and packaging and freight costs of \$30,511.

Receiver's Borrowings

66. As previously stated herein, pursuant to paragraph 20 of the Appointment Order, the Receiver is empowered to borrow up to \$50,000 for the purpose of funding the exercise of the powers and duties of the Receiver.
67. At the outset of its appointment and prior to re-directing funds held by BMO, Servus and the Credit Card Processors to the Receiver's trust account, on June 7, 2019, the Receiver borrowed \$50,000 from CIBC in order to pay current and anticipated expenses in relation to the receivership administration and issued a Receiver's Certificate to CIBC. On July 11, 2019, the Receiver repaid CIBC \$50,253, including \$253 in interest.

VIII. DISTRIBUTION TO SECURED LENDER

68. On the basis that the Receiver has obtained an independent legal opinion on the validity and enforceability of CIBC's security, as set out above, the Receiver is seeking the authorization of the Court to make from time to time interim and/or final distributions to CIBC up to the amount of Amax's indebtedness to CIBC, including interest thereon (the "**CIBC Distributions**"). The Receiver is of the view that any interim or final distributions made to CIBC is for the benefit of Amax's other creditors, as it reduces the indebtedness of Amax to CIBC which continues to accrue interest.

IX. FEES AND DISBURSEMENTS OF THE RECEIVER AND COUNSEL

69. Pursuant to paragraph 17 of the Appointment Order, the Receiver and its counsel are to be paid their reasonable fees and disbursements at their standard rates and charges, incurred both before and after the making of the Appointment Order. Pursuant to paragraph 18 of the Appointment Order, the Receiver and its counsel shall pass their accounts before the Court.

- 70. The total fees for the Receiver for the period from May 23, 2019 to June 28, 2019 were \$143,500.50, plus HST of \$18,655.07, for a total of \$162,155.57. The time spent by the Receiver is more particularly described in the Affidavit of Arif Dhanani sworn July 17, 2019, which is attached hereto and marked as Appendix "K" and contains a copy of the invoice that set out the services provided during this time period.
- 71. The total fees of Scarfone Hawkins for the period from June 5, 2019 to July 10, 2019, were \$6,837.00, plus disbursements of \$48.60, plus HST of \$895.13, for a total of \$7,780.73. The time spent by Scarfone Hawkins is more particularly described in the Affidavit of Zachary Pringle sworn July 17, 2019, which is attached hereto as Appendix "L" and contains, among other things, copies of invoices that set out the services provided during this period.
- 72. The Receiver is of the view that the fees and disbursements charged by Scarfone Hawkins are fair and reasonable.

X. CONCLUSION

- 73. Based on the foregoing, the Receiver respectfully requests that the Court grant an order:
 - i) approving the First Report and the Receiver's conduct and activities described herein;
 - ii) sealing the CIM until further Order of the Court;
 - iii) approving the R&D;
 - iv) subject to the Receiver's receipt of independent legal opinions confirming the validity and enforceability of CIBC's security in Alberta and Quebec, authorizing the Receiver to make from time to time interim and/or final distributions from current and future realizations to CIBC up to the amount


of Amax's indebtedness to CIBC, including interest thereon; authorizing the Receiver to make the CIBC Distributions; and

- v) approving the fees and disbursements of the Receiver for the period ending June 28, 2019 and Scarfone Hawkins to July 10, 2019.

All of which is respectfully submitted to this Court as of this 17th day of July, 2019.

RSM CANADA LIMITED, solely in its capacity as
Court-Appointed Receiver of Amax Health Inc.,
and not in its personal or corporate capacity

Per:



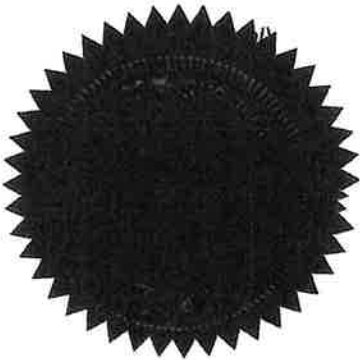
Bryan A. Tannenbaum, FCPA, FCA, FCIRP, LIT
President

**ONTARIO
SUPERIOR COURT OF JUSTICE**

THE HONOURABLE *Mr.*)
JUSTICE *M. D. Parayesk:*)

THURSDAY, THE 25TH
DAY OF JULY, 2019

BETWEEN:



CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

and

AMAX HEALTH INC.

Respondent

ORDER

THIS MOTION, made by RSM Canada Limited, in its capacity as Court-Appointed Receiver of all of the assets, property and undertaking of Amax Health Inc. (the "Receiver"), for an Order approving the conduct of the Receiver as described in the First Report of the Receiver, dated July 17, 2019 (the "First Report") and authorizing interim and/or final distributions from current and future realizations to the Applicant, Canadian Imperial Bank of Commerce ("CIBC"), together with other relief, was heard this day at the court house, 45 Main Street E., Hamilton, Ontario, L8N 2B7.

ON READING the Notice of Motion and the First Report, both of which are filed, and on hearing submissions of counsel for the Receiver and such other counsel as may appear,

1. THIS COURT ORDERS that the time for service and filing of this notice of motion and motion record is hereby abridged such that the motion is properly returnable today and the requirement for service of the notice of motion and motion record upon any other party is dispersed with.
2. THIS COURT ORDERS that the First Report is both accepted and approved by this Honourable Court.
3. THIS COURT ORDER that the conduct, activities and actions of the Receiver as set out in the First Report are both authorized and approved.
4. THIS COURT ORDERS that the Receiver's interim Statement of Receipt & Disbursements as at July 11, 2019 as detailed in the First Report are approved.
5. THIS COURT ORDERS that the Receiver's Confidential Information Memorandum, dated June 25, 2019, as described in the First Report is hereby sealed and shall be segregated from other documents filed in connection with this motion and shall be provided to the Court in a sealed envelope identifying the action and prominently marked with the following legend:

"CONFIDENTIAL INFORMATION"

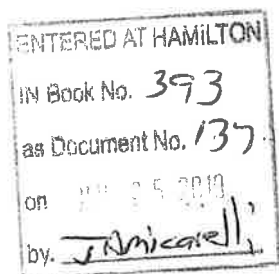
Pursuant to an Order, dated July 25, 2019 (the "Order"), this envelope shall remain sealed in the court file and shall not be opened until further order of the Court.

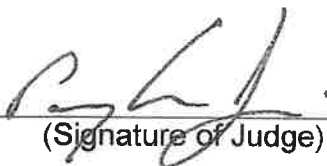
and the sealed envelope shall be sealed until further order of the Court. Upon the Court making such further order under this paragraph, the Receiver shall forthwith advise the

Service List by email of the order, and shall provide a copy of the Confidential Information Memorandum to any party who requests it.

6. THIS COURT ORDERS that the Receiver is hereby authorized from time to time to make interim and/or final distributions to the Applicant, Canadian Imperial Bank of Commerce ("CIBC") up to the amount of the indebtedness of Amax to CIBC, including any interest thereon, upon the Receiver's receipt of an independent legal opinion confirming the validity, enforceability and priority of CIBC's security interest over the assets, property and undertaking of Amax in the provinces of Alberta and Quebec.

7. THIS COURT ORDERS that the Receiver's fees and disbursements for the period of May 23, 2019 to June 28, 2019 and the fees and disbursements of its counsel, Scarfone Hawkins LLP, for the period of June 5, 2019 to July 10, 2019 as detailed in the First Report, are approved and the Receiver is authorized to pay them.





(Signature of Judge)

RCP-E 59A (July 1, 2007)

CANADIAN IMPERIAL BANK OF COMMERCE
Applicant

-and- **AMAX HEALTH INC.**
Respondent

Court File No. 19-69485

ONTARIO
SUPERIOR COURT OF JUSTICE
PROCEEDING COMMENCED AT HAMILTON

ORDER

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Lawyers for the Receiver, RSM Canada Limited
RCP-E 4C (May 1, 2016)

CANADIAN IMPERIAL BANK OF COMMERCE
Applicant

-and- **AMAX HEALTH INC.**
Respondent

Court File No. 19-69485

ONTARIO
SUPERIOR COURT OF JUSTICE

PROCEEDING COMMENCED AT HAMILTON

MOTION RECORD
(RETURNABLE AUGUST 29, 2019)

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