

OCT 25 7/11/19

No. _____
Vancouver Registry



**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

AND

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 234(1) OF
THE BANKRUPTCY AND INSOLVENCY ACT, RSC 1985, c B-3, AS AMENDED AND
SECTION 39 OF THE LAW AND EQUITY ACT, RSBC 1996 C 253, AS AMENDED**

AND

IN THE MATTER OF THE RECEIVERSHIP OF DIONYMED BRANDS INC.

BETWEEN:

GLAS Americas LLC

PETITIONER

AND:

DionyMed Brands Inc.

RESPONDENT

PETITION TO THE COURT

ON NOTICE TO: Those parties listed on Schedule "A" attached hereto.

This proceeding is brought for the relief set out in Part 1 below, by

the person named as petitioner in the style of proceedings above

[name(s)] (the petitioner(s))

If you intend to respond to this petition, you or your lawyer must

- (a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) serve on the petitioner(s)
 - (i) 2 copies of the filed response to petition, and

- (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

Time for response to petition

A response to petition must be filed and served on the petitioner(s),

- (a) if you were served with the petition anywhere in Canada, within 21 days after that service,
- (b) if you were served with the petition anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the petition anywhere else, within 49 days after that service, or
- (d) if the time for response has been set by order of the court, within that time.

(1)	The address of the registry is:	800 Smithe Street Vancouver, BC V6Z 2E1
(2)	The ADDRESS FOR SERVICE of the petitioner(s) is:	Dentons Canada LLP Barristers and Solicitors 77 King Street West, Suit 400, Toronto-Dominion Centre Toronto, ON M5K 0A1 (416) 863-4737 Attention: John Salmas
	Fax number address for service (if any) of the petitioner(s):	(416) 863-4592
	E-mail address for service (if any) of the petitioner(s):	john.salmas@dentons.com
(3)	The name and office address of the petitioner's(s') lawyer is:	Dentons Canada LLP Barristers and Solicitors 77 King Street West, Suit 400, Toronto-Dominion Centre Toronto, ON M5K 0A1

	(416) 863-4737 Attention: John Salmas
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CLAIM OF THE PETITIONER

Part 1: ORDER(S) SOUGHT

1. An Order abridging the time for service and hearing of the within Petition.
2. A Receivership order, pursuant to s. 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended (the "BIA") and s. 39 of the *Law and Equity Act*, RSBC 1996 c. 253, as amended (the "LEA") appointing FTI Consulting Canada Inc. as the Receiver and Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and properties of the Respondent, in the form attached as Schedule "C".
3. Such further relief as may be required in the circumstances and this Honourable Court deems just and equitable.

Part 2: FACTUAL BASIS

1. The relevant facts in connection with this Petition are more fully set out in the Affidavit #1 of Yana Kislenko (the "Kislenko Affidavit").
2. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars.

The Parties

3. The Petitioner is GLAS Americas LLC, a limited liability company in the business of providing finance administrative services.
4. Under the Credit Agreement, as that term is defined below, GLAS Americas LLC was appointed the Collateral Agent (the "Collateral Agent") and GLAS USA LLC was appointed the Administrative Agent (the "Administrative Agent") on behalf of a syndicate of lenders (the "Lenders", and together with the Collateral Agent and

Administrative Agent, the "Secured Creditors"). As of October 16, 2019, the syndicate of Lenders is comprised of only one lender, SP1 Credit Fund ("SP1") (there have, at other times, been more Lenders).

5. The Respondent is DionyMed Brands Inc. ("DionyMed"), a corporation amalgamated under the laws of the Province of British Columbia. DionyMed is a holding company that, through its wholly owned subsidiaries, provides cannabis products and services to the medical and recreational cannabis markets in the United States. Since 2018, DionyMed has been listed on the Canadian Securities Exchange under the symbol "DYME". DionyMed's registered head office is 2200, 885 West Georgia Street, Vancouver, British Columbia, V6C 2G2 Canada.

The Credit Agreement

6. On January 16, 2019, DionyMed signed a definitive agreement (the "Original Credit Agreement") for a credit facility (the "Credit Facility") from the Lenders. The Original Credit Agreement is between:
 - (a) DionyMed;
 - (b) the subsidiaries of DionyMed and/or entities over which DionyMed has control, namely: DionyMed Inc. ("DMI"), Herban Industries, Inc. ("Herban"), Herban Industries CA LLC ("Herban CA"), Herban Industries OR LLC ("Herban OR"), Herban Industries NJ LLC ("Herban NJ") and Hometown Heart ("Hometown", and together with DionyMed, DMI, Herban, Herban CA, Herban OR and Herban NJ, the "Credit Parties");
 - (c) the Lenders; and
 - (d) the Administrative Agent and the Collateral Agent.
7. The terms and conditions of the Original Credit Agreement have been amended, supplemented and otherwise modified various times, as described in the Kislenko Affidavit (the Original Credit Agreement, as amended, supplemented and modified, is the "Credit Agreement").

8. Under the Credit Agreement, the Administrative Agent performs certain administrative functions on behalf of the Lenders, and the Collateral Agent holds collateral as security for the performance of DionyMed's obligations on behalf of the Lenders.
9. Pursuant to Section 5.1(s) of the Original Credit Agreement, subsidiaries of Credit Parties are required to become Credit Parties under the Credit Agreement. Accordingly, the term "Credit Parties" was expanded since the execution of the Original Credit Agreement to include five new subsidiaries:
 - (a) Gourmet Green Room, Inc. ("GGR");
 - (b) Herban CA 2 LLC;
 - (c) Herban Industries CO LLC;
 - (d) Herban Industries MI LLC; and
 - (e) Herban Industries NV LLC

The Petitioner's First-Ranking Security Over DionyMed

10. DionyMed granted security in favour of the Collateral Agent over all or substantially all of its assets pursuant to a general security agreement dated January 30, 2019 (the "DionyMed GSA") whereby, among other things, DionyMed pledged all of the common shares and Series F Convertible Preferred Shares of DMI, being its wholly owned Canadian subsidiary, and all of the common shares of Herban, being its wholly owned U.S. subsidiary (which, in turn, is the holder of the equity interests of other U.S. entities in the DionyMed group).
11. DionyMed also pledged all of the shares of stock and other securities of Herban in favour of the Collateral Agent pursuant to a pledge agreement dated January 30, 2019 (the "DionyMed Pledge").
12. Pursuant to the DionyMed Pledge, the Collateral Agent obtained possession of the shares of stock and other securities of Herban.

13. Financing statements with respect to the security interest granted to the Collateral Agent for the benefit of the Secured Creditors by DionyMed were registered in both British Columbia and Ontario on December 28, 2018.
14. With respect to both the British Columbia and Ontario security registrations, the Collateral Agent was the first in time party to register financing statements against DionyMed. The only other subsequent registered security interest against DionyMed is in favour of Flow Capital Corp.
15. Each of HomeTown, DMI, Herban, Herban CA, Herban OR, Herban NJ, Herban CA 2 LLC and GGR have guaranteed the Credit Facility (the "Guarantees").
16. DMI, Herban, Herban CA, Herban OR, Herban NJ and HomeTown also granted security in favour of the Collateral Agent over all or substantially all of their assets (the "Subsidiary Security").
17. Financing statements with respect to the security interest granted by DionyMed, HomeTown, Herban, Herban CA, Herban OR, Herban NJ were registered with various relevant state registries in the United States.
18. A trademark security agreement filing was also made with the United States Patent and Trademark Office with respect to a trademark security agreement dated as of January 30, 2019, whereby Herban OR granted a security interest to the Collateral Agent in certain trademark collateral.

DionyMed's Default Under the Credit Agreement

19. The following "Events of Default" as defined in Section 7.1 of the Original Credit Agreement have occurred and are continuing under the Credit Agreement and have not been waived by the Secured Creditors:
 - (a) the failure of DionyMed to (i) pay interest on Advances (as defined in the Credit Agreement) made by the Lender to DionyMed pursuant to the Credit Agreement; and (ii) accrued anniversary fee when due and payable on September 30, 2019;

- (b) the existence of Liens (a term broadly defined in the Credit Agreement that includes any mortgage, charge, and security interest) in favour of Flow Capital Corp. on the property, assets and undertakings of the Credit Parties, which Liens are not Liens permitted by the Credit Agreement;
- (c) the Credit Parties' failure to pay the debt due to Gotham Green Fund II, L.P., Gotham Green Fund II (Q), L.P. and Gotham Green Admin 1, LLC upon demand pursuant to the secured convertible demand notes dated as of July 30, 2019 issued by DionyMed and Herban CA 2 LLC. The amount owing in that regard on September 16, 2019 (being the date of demand in connection with such demand notes) is \$2,122,351.08;
- (d) the failure of DionyMed to perform agreements contained in the royalty purchase agreement dated as at May 25, 2018 between DionyMed, Flow Capital Corp. and others (the "Royalty Purchase Agreement"), which is classified by the Original Credit Agreement as a "Material Agreement", and which failure could "reasonably be expected to have a Material Adverse Effect" under the Original Credit Agreement and therefore constitute an Event of Default;
- (e) the failure of any Credit Party to acquire for cancellation the gross sales royalty granted under the Royalty Purchase Agreement no later than the date that is the earlier of (i) the date on which the aggregate amount of commitments under the Credit Facility is equal to or exceeds \$20,000,000 and (ii) November 1, 2019;
- (f) the failure of DionyMed to maintain a market capitalization ratio (as that ratio is calculated using the formula in the Original Credit Agreement) of not less than 4.0:1.0 after September 30, 2019;
- (g) the failure of DionyMed to maintain at all times from and after October 1, 2019 a current ratio (as that ratio is calculated using the formula in the Original Credit Agreement) greater than 1.0:1.0;

- (h) the failure of DionyMed to maintain, at all times on a consolidated basis, cash and cash equivalents of the Credit Parties in a minimum amount of \$5,000,000;
 - (i) the failure by DionyMed to ensure that (i) at all times from and after October 1, 2019, accounts payable of the Credit Parties (exclusive of administrative expenses of the DionyMed incurred by it in the ordinary course of its business as a Canadian Securities Exchange-listed holding company), calculated on a consolidated basis, shall not exceed 120% of accounts receivable of the Credit Parties, calculated on a consolidated basis, at such time and (ii) at all times from and after October 1, 2019, except for accounts payable to Eaze Solutions, Inc. pursuant to the payment schedule in existence on the Original Closing Date, no individual account payable greater than \$10,000 (up to an aggregate of \$50,000 for all such accounts payable) shall remain unpaid more than ninety (90) days after such account payable is due and payable;
 - (j) the failure of the Credit Parties to acquire all of the issued and outstanding shares, interests, participations rights in, or other equivalents in the capital of HomeTown by September 30, 2019; and
 - (k) the failure of DionyMed to maintain an amount at least equal to the 6-month debt service reserve in a bank account subject to a blocked account agreement (meaning that, among other things, withdrawals from the bank account are subject to prior approval of the Collateral Agent) at all times from and after October 1, 2019.
20. On October 9, 2019, DionyMed and the other Credit Parties provided written acknowledgement of the aforementioned Events of Default.
21. Pursuant to Section 7.3 of the Credit Agreement, upon an Event of Default under the Credit Agreement the Agents shall at the request of the Majority Lenders "commence such legal action or proceedings as the Majority Lenders, in their sole discretion, deem expedient".

22. The Majority Lenders have requested that the Collateral Agent bring this petition seeking the appointment of the Proposed Receiver.
23. Pursuant to section 3.2(m) of the DionyMed GSA, “[u]pon the occurrence and during the continuance of an Event of Default, the Collateral Agent may realize upon the Collateral and enforce the rights of the Collateral Agent and the Secured Creditors by [...] institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral”.
24. The Events of Default have occurred and are continuing and have not been waived by the Secured Creditors. The Secured Creditors have not agreed to forbear from exercising any of such rights and remedies with respect to the various Events of Default.

DionyMed’s Financial Difficulties

25. DionyMed’s unpaid obligations are significant. As of October 15, 2019, DionyMed owed the following amounts under the Credit Agreement:
 - (a) \$24,078,106.80, representing the principal amount of outstanding indebtedness of DionyMed under the Credit Agreement including the applicable prepayment premium;
 - (b) \$610,971.36, representing accrued and unpaid interest on the principal amount as of but excluding October 15, 2019; and
 - (c) the accrued and unpaid anniversary fee in the amount of \$121,604.64 as of but excluding October 15, 2019 and all other fees and expenses and other amounts owing as obligations as of October 15, 2019.
26. DionyMed does not have the means to satisfy its debts. In the period December 30, 2018 to June 30, 2019, DionyMed reported a net loss of \$8,722,000 on total gross revenue of \$34,384,000. In this same period, DionyMed had a negative operating cash flow of \$17,153,285. As of June 30, 2019, DionyMed had total liabilities of \$62,150,000 compared to total assets of \$55,466,000.

27. At this time, the Secured Creditors are unwilling to provide additional funds to DionyMed. Without additional funding from the Secured Creditors, DionyMed will be unable to meet its obligations as they become due.

The Appointment of a Receiver

28. All amounts owing under the Credit Agreements are immediately due and payable. To this effect, the Administrative Agent delivered to DionyMed a letter (the "Demand Letter") demanding payment of the obligations under the Credit Agreement on October 16, 2019. On that same day, the Collateral Agent delivered to DionyMed notice of its intention to enforce its security by delivering a Notice of Intention to Enforce pursuant to section 244 of the BIA (the "244 Notice").
29. DionyMed has not made any payments to the Secured Creditors following the receipt of the Demand Letter and 244 Notice.
30. Accordingly, the Collateral Agent now seeks to appoint the Receiver to enforce its security. Given DionyMed's poor financial health, the appointment of the Receiver is necessary to realize on the Secured Creditors' assets in a fair and reasonable manner that balances the interests of all of DionyMed's stakeholders.
31. If appointed, it is expected that the Receiver will, among other things, complete the following steps under court supervision:
 - (a) Receive, preserve, and protect the assets of DionyMed; and
 - (b) Conduct a sale process to value and sell the assets of DionyMed.
32. The Receiver, FTI Consulting Canada Inc., is prepared to act and has consented to it being appointed as receiver and manager, or, alternatively, as receiver of the Respondent. The Receiver has offices in Toronto, Ontario and Vancouver, British Columbia.
33. SP1 consents to the appointment of the Receiver.

This Court has the Jurisdiction to Appoint a Receiver

34. The British Columbia Supreme Court is the appropriate venue for this petition on account of the following:
- (a) DionyMed is a corporation amalgamated under the laws of the Province of British Columbia;
 - (b) DionyMed's registered office is in Vancouver, British Columbia;
 - (c) the Credit Agreement is governed by, and construed in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in British Columbia;
 - (d) the DionyMed GSA is governed by the laws of the Province of British Columbia; and
 - (e) the Proposed Receiver and the Collateral Agent each consent to this matter being heard by the British Columbia Supreme Court.

Part 3: LEGAL BASIS

- 1. DionyMed is indebted to the Secured Creditors on account of the Credit Agreement;
- 2. DionyMed and certain of the other Credit Parties granted security to the Petitioner for DionyMed's obligations under the Credit Agreement;
- 3. Certain of the Credit Parties issued guarantees for DionyMed's obligations under the Credit Agreement;
- 4. DionyMed has been provided with the Demand Letter and the 244 Notice;
- 5. Neither DionyMed nor any of the other Credit Parties have made any payments to the Secured Creditors following receipt of the Demand Letter and 244 Notice;

6. Notice of this petition will be provided to DionyMed and to Flow Capital Corp., the only other entity with a registered security interest against DionyMed (according to the British Columbia and Ontario personal property security registries);
7. The Petitioner will rely on:
 - (a) Sections 47, 243(1), 244(1) and 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3, as amended;
 - (b) Section 39 of the *Law and Equity Act*, RSBC 1996, c. 253, as amended;
 - (c) Rules 2-1 (2)(b) and (c), 8-1, 8-5, 10-2, 14-1 and 16-1 of the *Supreme Court Civil Rules*; and
 - (d) The inherent jurisdiction of this Honourable Court;
8. The appointment of a receiver and manager is just and convenient in the circumstances; and
9. Such further and other legal grounds as counsel may advise and this Honourable Court may permit.

Part 4: MATERIAL TO BE RELIED ON

1. The Affidavit #1 of Yana Kislenko sworn October 22, 2019; and
2. Such further affidavits and other documents as counsel may advise.

The petitioner estimates that the hearing of the petition will take 30 minutes.

Dated: October 22, 2019



Signature of

<input type="checkbox"/>	Petitioner
<input checked="" type="checkbox"/>	Lawyer for the petitioner
	John Salmas

FOR

Dentons Canada LLP
Barristers and Solicitors
77 King Street West, Suit 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Phone: (416) 863-4737
john.salmas@dentons.com

To be completed by the court only:

Order made

in the terms requested in paragraphs _____ of Part 1 of this notice of this petition

with the following variations and additional terms:

Date: _____

Signature of Judge Master

Schedule "A"

Service List

As of October 22, 2019

<p>Stikeman Elliott LLP Suite 1700, 666 Burrard Street Vancouver, British Columbia V6C 2X8</p> <p>Attention: Maria Konyukhova Angela Crimeni</p> <p>Email: mkonyukhova@stikeman.com acrimeni@stikeman.com</p> <p><i>Counsel for SP1 Credit Fund</i></p>	<p>Cassels Brock & Blackwell LLP Suite 2100, Scotia Plaza, 40 King Street West Toronto, Ontario M5H 3C2</p> <p>Attention: Joseph Bellissimo</p> <p>Email: jbellissimo@casselsbrock.com</p> <p><i>Counsel for DionyMed Brands Inc.</i></p>
<p>FTI Consulting Canada Inc. TD South Tower, 79 Wellington Street West Toronto Dominion Centre Suite 2010, PO Box 104 Toronto, Ontario, M5K 1G8</p> <p>Attention: Jeffrey Rosenberg Craig Munro</p> <p>Email: jeffrey.rosenberg@fticonsulting.com craig.munro@fticonsulting.com</p> <p><i>Proposed Receiver</i></p>	<p>Bennett Jones LLP 666 Burrard Street, Suite 2500 Vancouver, British Columbia V6C 2X8</p> <p>Attention: David Gruber Sean Zweig</p> <p>Email: gruberd@bennettjones.com zweigs@bennettjones.com</p> <p><i>Counsel for the Proposed Receiver</i></p>
<p>Torkin Manes LLP 151 Yonge Street, Suite 1500 Toronto, Ontario M5C 2W7</p> <p>Attention: Jeffrey Simpson</p> <p>Email: jsimpson@torkinmanes.com</p> <p><i>Counsel for Flow Capital Corp.</i></p>	

Schedule "B"

Law and Equity Act, RSBC 1996, c 253

Injunction or mandamus may be granted or receiver appointed by interlocutory order

39 (1) An injunction or an order in the nature of mandamus may be granted or a receiver or receiver manager appointed by an interlocutory order of the court in all cases in which it appears to the court to be just or convenient that the order should be made.

(2) An order made under subsection (1) may be made either unconditionally or on terms and conditions the court thinks just.

(3) If an injunction is requested either before, at or after the hearing of a cause or matter, to prevent any threatened or apprehended waste or trespass, the injunction may be granted if the court thinks fit, whether the person against whom the injunction is sought is or is not in possession under any claim of title or otherwise or, if out of possession, does or does not claim a right to do the act sought to be restrained under any colour of title, and whether the estates claimed by both or by either of the parties are legal or equitable.

...

Bankruptcy and Insolvency Act, RSC 1985, c B-3

Appointment of interim receiver

47 (1) If the court is satisfied that a notice is about to be sent or was sent under subsection 244(1), it may, subject to subsection (3), appoint a trustee as interim receiver of all or any part of the debtor's property that is subject to the security to which the notice relates until the earliest of

(a) the taking of possession by a receiver, within the meaning of subsection 243(2), of the debtor's property over which the interim receiver was appointed,

(b) the taking of possession by a trustee of the debtor's property over which the interim receiver was appointed, and

(c) the expiry of 30 days after the day on which the interim receiver was appointed or of any period specified by the court.

Directions to interim receiver

47 (2) The court may direct an interim receiver appointed under subsection (1) to do any or all of the following:

(a) take possession of all or part of the debtor's property mentioned in the appointment;

(b) exercise such control over that property, and over the debtor's business, as the court considers advisable;

(c) take conservatory measures; and

(d) summarily dispose of property that is perishable or likely to depreciate rapidly in value.

When appointment may be made

47 (3) An appointment of an interim receiver may be made under subsection (1) only if it is shown to the court to be necessary for the protection of

(a) the debtor's estate; or

(b) the interests of the creditor who sent the notice under subsection 244(1).

Place of filing

47 (4) An application under subsection (1) is to be filed in a court having jurisdiction in the judicial district of the locality of the debtor.

...

Court may appoint receiver

243 (1) Subject to subsection (1.1), on application by a secured creditor, a court may appoint a receiver to do any or all of the following if it considers it to be just or convenient to do so:

(a) take possession of all or substantially all of the inventory, accounts receivable or other property of an insolvent person or bankrupt that was acquired for or used in relation to a business carried on by the insolvent person or bankrupt;

(b) exercise any control that the court considers advisable over that property and over the insolvent person's or bankrupt's business; or

(c) take any other action that the court considers advisable.

...

Advance notice

244 (1) A secured creditor who intends to enforce a security on all or substantially all of

(a) the inventory,

(b) the accounts receivable, or

(c) the other property

of an insolvent person that was acquired for, or is used in relation to, a business carried on by the insolvent person shall send to that insolvent person, in the prescribed form and manner, a notice of that intention.

Period of notice

244 (2) Where a notice is required to be sent under subsection (1), the secured creditor shall not enforce the security in respect of which the notice is required until the expiry of ten days after sending that notice, unless the insolvent person consents to an earlier enforcement of the security.

Schedule "C"

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

GLAS Americas LLC

Petitioners

- and -

DionyMed Brands Inc.

Respondent

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF
DIONYMED BRANDS INC.

ORDER MADE AFTER APPLICATION

BEFORE THE HONOURABLE)
)
____ JUSTICE _____) ____ /10/2019
)
)

ON THE APPLICATION of GLAS USA LLC and GLAS Americas LLC for an Order pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and Section 39 of the *Law and Equity Act*, R.S.B.C. 1996 c. 253, as amended (the "LEA") appointing FTI Consulting Canada Inc. ("FTI"), as Receiver and Manager (in such capacity, the "Receiver") without security, of all of the assets, undertakings and property of DionyMed Brands Inc. (the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, coming on for hearing this day at Vancouver, British Columbia.

AND ON READING the Affidavit #1 of Yana Kislenko sworn October 22, 2019 and the consent of FTI to act as the Receiver; AND ON HEARING _____, Counsel for ● and other counsel as listed on Schedule "A" hereto, and no one else appearing, although duly served.

THIS COURT ORDERS AND DECLARES that:

APPOINTMENT

1. Pursuant to Section 243(1) of the BIA and Section 39 of the LEA, FTI is appointed Receiver, without security, of all of the assets, undertakings and property of the Debtor, including all proceeds (the "Property").

RECEIVER'S POWERS

2. The Receiver is empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
 - (a) to take possession of and exercise control over the Property and any and all receipts and disbursements arising out of or from the Property;
 - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, changing locks and security codes, relocation of Property, engaging independent security personnel, taking physical inventories and placing insurance coverage;
 - (c) to manage, operate and carry on the business of the 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 these amounts, including, without limitation, enforcement of 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 undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
 - (j) to initiate, manage and direct all legal proceedings now pending or hereafter pending (including appeals or applications for judicial review) in respect of the

Debtor, the Property or the Receiver, including initiating, prosecuting, continuing, defending, settling or compromising the proceedings;

- (k) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate;
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business:
 - (i) without the approval of this Court in respect of a single transaction for consideration up to \$50,000, 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 individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above,

and in each such case notice under Section 59(10) of the *Personal Property Security Act*, R.S.B.C. 1996, c. 359 shall not be required;

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver considers appropriate on all matters relating to the Property and the receivership, and to share information, subject to confidentiality terms as the Receiver considers appropriate;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if considered necessary or appropriate by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limitation, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

8. 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 stayed and suspended pending further Order of this Court; provided, however, that nothing in this Order shall prevent any Person from commencing a Proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such Proceeding is not commenced before the expiration of the stay provided by this paragraph and provided that no further step shall be taken in respect of the Proceeding except for service of the initiating documentation on the Debtor and the Receiver.

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

11. All Persons having oral or written agreements with the 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 restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and the Receiver shall be entitled to the continued use of the 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. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever including, without limitation, the sale of all or any of the Property and the collection of any accounts receivable, in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post-Receivership Accounts") and the monies standing to the credit of such Post-Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

EMPLOYEES

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

PERSONAL INFORMATION

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

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

LIMITATION ON THE RECEIVER'S LIABILITY

19. The Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except:
 - (a) any gross negligence or wilful misconduct on its part; or
 - (b) amounts in respect of obligations imposed specifically on receivers by applicable legislation.

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

RECEIVER'S ACCOUNTS

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

FUNDING OF THE RECEIVERSHIP

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

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

ALLOCATION

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

SERVICE AND NOTICE OF MATERIALS

28. The Receiver shall establish and maintain a website in respect of these proceedings at: ● (the "Website") and shall post there as soon as practicable:
- (a) all materials prescribed by statute or regulation to be made publicly available, including pursuant to Rule 10-2 of the *Supreme Court Civil Rules*; and,
 - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.
29. Any Person who is served with a copy of this Order and that wishes to be served with any future application or other materials in these proceedings must provide to counsel for each of the Receiver and the Applicant a demand for notice in the form attached as Schedule "C" (the "Demand for Notice"). The Receiver and the Applicant need only provide further notice in respect of these proceedings to Persons that have delivered a properly completed Demand for Notice. The failure of any Person to provide a properly completed Demand for Notice releases the Receiver and the Applicant from any requirement to provide further notice in respect of these proceedings until such Person delivers a properly completed Demand for Notice.
30. The Receiver shall maintain a service list identifying all parties that have delivered a properly completed Demand for Notice (the "Service List"). The Receiver shall post and maintain an up-to-date form of the Service List on the Website.
31. Any interested party, including the Receiver, may serve any court materials in these proceedings by facsimile or by emailing a PDF or other electronic copy of such materials to the numbers or addresses, as applicable, set out on the Service List. Any interested party, including the Receiver, may serve any court materials in these proceedings by mail to any party on the Service List that has not provided a facsimile number or email address, and materials delivered by mail shall be deemed received five (5) days after mailing.
32. Notwithstanding paragraph 31 of this Order, service of the Petition and any affidavits filed in support shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c.C-50 and its regulations for the

Federal Crown and the *Crown Proceedings Act*, R.S.B.C. 1996 c.89 in respect of the British Columbia Crown.

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

GENERAL

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

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

APPROVED BY:

Signature of ●

Lawyer for Petitioner

BY THE COURT

DISTRICT REGISTRAR

SCHEDULE "A"
OTHER COUNSEL

Counsel	Party

SCHEDULE "B"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT

\$ _____

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

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

DATED the ____ day of _____, 201__.

FTI Consulting Canada Inc., solely in its capacity as Receiver of the Property, and not in its personal capacity

Per:
Name:
Title:

Schedule "C"

Demand for Notice

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

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

Re: In the matter of the Receivership of DionyMed Brands Inc.

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

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

OR

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

OR

3. By mail, at the following address:

Name of Creditor: _____

Name of Counsel (if any): _____

Creditor's Contact Address: _____

Creditor's Contact Phone Number: _____

Action No. _____

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

GLAS Americas LLC

Petitioner

- and -

DionyMed Brands Inc.

Respondent

AND:

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE RECEIVERSHIP OF
DIONYMED BRANDS INC.

B.C. MODEL RECEIVERSHIP ORDER VERSION
NO. 3, _____, 2015
