

Court File No. CV-11-9233-00CL

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

THE HONOURABLE MR.) TUESDAY, THE 30th DAY
JUSTICE SPENCE) OF AUGUST, 2011

B E T W E E N :

2251263 ONTARIO INC.

Applicant

- and -

BRUSHSTROKES FINE ART INC.

Respondent

APPROVAL AND VESTING ORDER

THIS MOTION, made by Ira Smith Trustee & Receiver Inc. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Brushstrokes Fine Art Inc. (the "**Company**"), for an order, among other things, approving the completion of the sale transaction the ("**Transaction**") contemplated by an agreement of purchase and sale between the Receiver and 2251263 Ontario Inc. ("**225-Ontario**") dated August 12, 2011 (the "**Purchase Agreement**"), appended to the Second Report of the Receiver dated August 26, 2011 (the "**Second Report**"), and vesting in 225-Ontario's nominee, Jonathan P. Rye, Attorney-in-Fact (the "**Purchaser**"), all of the Company's right, title and interest in and to the assets described in the Purchase Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Second Report, the affidavit of Ira Smith sworn August 26, 2011 and the affidavit of Robert Centa sworn August 26, 2011 (the "**Fee Affidavits**"), and on hearing the submissions of counsel for the Receiver, the Applicant and Orlando Corporation, no one appearing for any other person on the service list:

1. THIS COURT ORDERS AND DECLARES that the time for service of the Notice of Motion and Motion Record in respect of this motion is hereby abridged, that the manner of service is hereby validated and that further service is dispensed with.

2. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved and the completion of the Purchase Agreement by the Receiver is hereby authorized and approved. 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 1 hereto (the "**Receiver's Certificate**"), all of the Company's right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, equitable, 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 any prior orders made in these proceedings; and, (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (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 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 human resources and payroll information in the Company's records pertaining to the Company's past and current employees. 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 Company.

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 Company and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Company,

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 Company and shall not be void or voidable by creditors of the Company, nor shall it constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance 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 AND DECLARES that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. THIS COURT ORDERS AND DECLARES that the Receiver is authorized to take such steps and enter into such further agreements as the Receiver believes are warranted, if any, to terminate the Debtor's agreements with Canon Canada Inc.

10. THIS COURT ORDERS AND DECLARES that the activities of the Receiver disclosed in the Second Report be and are hereby approved.

11. THIS COURT ORDERS AND DECLARES that the fees and the disbursements of the Receiver and its legal counsel, as disclosed in the Fee Affidavits, be and are hereby approved and taxed in the amounts reflected therein.

12. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Mexico or elsewhere 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.

Spencer

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13. THIS COURT ORDERS that the relief provided herein is without prejudice to the rights of any party in connection with claims for repair and restoration of the premises described as 60 Leek Crescent, Richmond Hill, Ontario, against the Receiver, for the period of its occupation. ✓

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ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

AUG 30 2011

MB

REMI/PAR:

**Schedule 1 – Form of Receiver’s Certificate
(First Parcel)**

Court File No. CV-11-9233-00CL

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

B E T W E E N :

2251263 ONTARIO INC.

Applicant

- and -

BRUSHSTROKES FINE ART INC.

Respondent

APPROVAL AND VESTING ORDER

RECEIVER’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Mr. Justice Morawetz of the Ontario Superior Court of Justice (the "Court") dated June 6, 2011, Ira Smith Trustee & Receiver Inc. was appointed as receiver (the "Receiver") of the undertaking, property and assets of the Respondent (the "Company").

B. Pursuant to an Order of the Court dated August 30, 2011, the Court approved the agreement of purchase and sale made as of August 12, 2011 (the "APA ") between the Receiver and 2251263 Ontario Inc. (the "225-Ontario") and provided for the vesting in Jonathan P. Rye, Attorney-in-Fact (the "Purchaser") all of the Respondents' right, title and interest in and to the assets described in the APA (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 225-Ontario of the Purchase Price for the Purchased

Assets; (ii) that the conditions to Closing as set out in the APA have been satisfied or waived by the Receiver and 225-Ontario; 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 APA.

THE RECEIVER CERTIFIES the following:

1. 225-Ontario has paid and the Receiver has received the full Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the APA;
2. The conditions to Closing as set out in the APA 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 _____ [TIME] on August 31, 2011.

**IRA SMITH TRUSTEE & RECEIVER INC,
in its capacity as Receiver of the undertaking,
property and assets of Brushstrokes Fine Art
Inc., and not in its personal capacity**

Per: _____
Name:
Title:

2251263 ONTARIO INC.

Applicant

- and - BRUSHSTROKES FINE ART INC.

Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at TORONTO

APPROVAL AND VESTING ORDER

**PALIARE ROLAND ROSENBERG
ROTHSTEIN LLP**

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Lawyers for the Receiver

2251263 ONTARIO INC.

Applicant

- and - BRUSHSTROKES FINE ART INC.

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30 Aug 11

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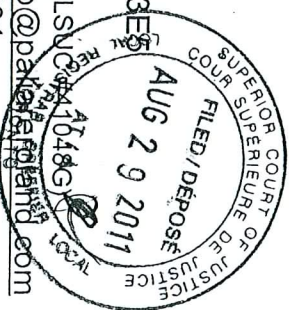
MOTION RECORD
(Motion Returnable August 30, 2011)

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Barristers
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Lawyers for the Receiver



*Aug 30/11
Order to go on the
form filed
Spence*

LATE FILING

 The Purchaser will advise Orlando and the Receiver by no later than 5 pm on August 31 2011, the date on which it will no longer require access to the premises (the "Vacancy Date") which will not be less than 30 days from August 31 2011. The Receiver agrees that it will cease to occupy the Premises on the Vacancy Date. 

Aug 30/11

