

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

**AND IN THE MATTER OF THE RECEIVERSHIP OF
THE LION'S SHARE GROUP INC.**

**MOTION RECORD
(Appointment of Representative Counsel)**

March 28, 2024

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000
Toronto, ON M5K 1E7
Fax: 416.216.3930

Jennifer Stam LSO#: 46735J
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Lawyers for the Receiver

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

**AND IN THE MATTER OF THE RECEIVERSHIP OF
THE LION'S SHARE GROUP INC.**

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TAB 1

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

**AND IN THE MATTER OF THE RECEIVERSHIP OF THE
LION'S SHARE GROUP INC.**

**NOTICE OF MOTION
(Appointment of Representative Counsel)**

The Fuller Landau Group Inc. ("**Fuller**") in its capacity as receiver (the "**Receiver**") of the property, assets and undertaking of The Lion's Share Group Inc. (the "**Debtor**" or "**LS**") will make a motion to a Judge of the Superior Court of Justice (Commercial List), on Wednesday, April 3, 2024 at 12:00 p.m. (noon) or as soon after that time as the motion can be heard, by judicial videoconference via Zoom at Toronto, Ontario. Please advise if you intend to join the motion by emailing Katie Parent at katie.parent@nortonrosefulbright.com.

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

THE MOTION IS FOR AN ORDER, among other things:

- 1 If necessary, abridging and validating the time for service and filing of this notice of motion and motion record;
- 2 Appointing Aird & Berlis LLP ("**A&B**") as representative counsel of the unsecured promissory note holders (the "**LS Lenders**") of the Debtor; and
- 3 Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

Background

1 The Debtor is a company incorporated pursuant to the *Canada Business Corporations Act*, with its registered head office in Freerton, Ontario;

2 The Debtor is privately owned real estate investment and consulting company;

3 The Debtor's operations consisted principally of the issuance of unsecured promissory notes to individuals and corporations (the "**LS Lenders**") to generate funds, which it then used to advance loans by way of, for the most part, unsecured promissory notes to corporate entities and individuals;

4 The Debtor has over 400 LS Lenders to whom it owes amounts under promissory notes estimated to total over \$89 million and over 1,000 outstanding promissory notes owing to it including over 700 promissory notes owing to it by members of the Balboa group, which entities are subject to proceedings pursuant to the *Companies' Creditors Arrangement Act*;

5 On March 16, 2024, given the cessation of payments from, largely the Balboa entities, among others, and the ensuing demands received from LS Lenders, the Debtor filed a Notice of Intention to make a proposal under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), (the "**NOI Proceedings**");

6 Pursuant to an order of this Court made on April 3, 2024, Fuller was appointed as Receiver over the assets, property and undertaking of the Debtor;

7 The application for the appointment of Fuller as Receiver was made with the consent of LS and at the request by a group of LS Lenders represented by A&B, asserting over \$15 million of claims against LS;

8 To the knowledge of Fuller, the LS Lenders consist of over 400 individuals and companies who have loaned ranging amounts to LS;

9 The appointment of A&B as representative counsel and appointment of lender representatives will assist the Receiver in streamlining communications as well as provide access to legal counsel to any LS Lender (other than those who opt out or who are related to LS or its principal, Claire Drage);

10 No other representative counsel has been appointed in these proceedings and Fuller has not been approached by any other person seeking that role;

11 A&B already represents approximately 54 lenders totalling over \$15 million in asserted claims;

Other Grounds

12 Rules 1.04 and 11 of the *Rules of Civil Procedure* (Ontario); and

13 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:

1 The first report of the Proposal Trustee and Pre-Filing Report the proposed receiver dated March 28, 2024; and

2 Such further and other evidence as counsel may advise and this Court may permit.

March 28, 2024

NORTON ROSE FULBRIGHT CANADA LLP

222 Bay Street, Suite 3000, P.O. Box 53

Toronto, ON M5K 1E7

Fax: 416.216.3930

Jennifer Stam, LSO#: 46735J

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Lawyers for the Receiver

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF THE LION'S SHARE GROUP INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**NOTICE OF MOTION
(Appointment of Representative Counsel)**

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Toronto ON M5K 1E7

Jennifer Stam LSO#: 46735J
Tel: 416.202.6707
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Lawyers for the Receiver

TAB 2

Court File No. _____
Estate File No. 32-305-6681

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
(IN BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE LION'S SHARE GROUP INC.**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

**AND IN THE MATTER OF THE RECEIVERSHIP OF
THE LION'S SHARE GROUP INC.**

FIRST REPORT OF THE PROPOSAL TRUSTEE

AND

PRE-FILING REPORT OF THE PROPOSED RECEIVER

MARCH 28, 2024

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Appendices

A – Certificate of Appointment

B – Notice to Creditors dated March 22, 2024

C – Signed consent of The Fuller Landau Group Inc.

A. INTRODUCTION AND BACKGROUND

1. The Lion's Share Group Inc. ("LS") is a corporation incorporated pursuant to the *Canada Business Corporations Act*, with its registered office located at 16 Noble Kirk Drive, Freelon, ON L2R 1K0. LS is privately owned real estate investment and consulting company. LS's operations consisted principally of the issuance of unsecured promissory notes to individuals and corporations (the "**LS Lenders**") to generate funds, which it then used to advance loans by way of, for the most part, unsecured promissory notes to corporate entities and individuals (the "**LS Borrowers**").
2. On January 23, 2024, a significant LS Borrower group, Balboa Inc., DSPLN Inc., Happy Gilmore Inc., Interlude Inc., Multiville Inc., The Pink Flamingo Inc., Hometown Housing Inc., The Mulligan Inc., Horses In The Back Inc., Neat Nests Inc. and Joint Captain Real Estate Inc. (collectively, "**Balboa**") commenced proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**" and the "**LS CCAA Borrowers**"). Subsequent to the CCAA filing, The Fuller Landau Group Inc. ("**Fuller**") was retained by LS, The Windrose Group Inc. ("**Windrose**"), a related corporate entity, and Clare Drage ("**Ms. Drage**"), the principal of LS and Windrose, as financial advisor. Fuller has subsequently terminated its engagement with Windrose and Ms. Drage.
3. After the commencement of the CCAA proceedings, many of LS's borrowers who are not LS CCAA Borrowers (the "**Non-CCAA Borrowers**") nevertheless ceased paying monthly interest to LS. LS attributed this largely to the negative press resulting from the Balboa CCAA proceedings. The result of both of these events was that LS was unable to make interest payments to the LS Lenders or repay loans that had matured or were the subject of demands for repayment and statements of claim.
4. As a result, on March 16, 2024 (the "**NOI Filing Date**"), LS filed with the Official Receiver a Notice of Intention to Make a Proposal ("**NOI**"), pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"). On March 18, 2024, Office of the Superintendent of Bankruptcy (Canada) confirmed the filing. Fuller was named as proposal trustee (in such capacity the "**Proposal Trustee**") under the NOI. A copy of the filing certificate is attached hereto as **Appendix "A"**.

B. PURPOSES OF THIS REPORT

5. The purpose of this First Report of the Proposal Trustee and pre-filing report of Fuller in its capacity as proposed receiver of the Property (defined below) (the “**First Report**”) is to:
- (a) summarize LS’s financial position, assets and liabilities;
 - (b) advise the Court of the Proposal Trustee’s recommendation that the NOI proceedings be terminated and that, as a result of the subsequent bankruptcy, Fuller be appointed as bankruptcy trustee;
 - (c) recommend that the Court appoint Fuller as equitable receiver (in such capacity, the “**Receiver**”) over the property, assets and undertakings (the “**Property**”) of LS;
 - (d) update the Court on the Proposal Trustee’s discussions with Aird & Berlis LLP (“**A&B**”) who represent 54 LS Lenders who hold in excess of \$15,500,000 of promissory notes, and recommend that A&B be appointed as representative counsel to the LS Lenders;
 - (e) summarize the Proposal Trustee’s activities before and since the NOI Filing Date; and
 - (f) recommend that the Court make orders:
 - i) authorizing the Proposal Trustee to bring the receivership application and terminating the NOI proceeding;
 - ii) appointing Fuller as Receiver over the Property; and
 - iii) appointing A&B as representative counsel pursuant to the proposed Representative Counsel Appointment Order (defined below).

C. RESTRICTIONS

6. In preparing this Report, the Proposal Trustee has relied upon unaudited financial information prepared by LS’s representatives, the books and records of LS, projections and discussions with LS representatives. The Proposal Trustee has not performed an audit or otherwise attempted to verify the accuracy or completeness of the financial information relied on in a

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manner that complies with Canadian Accounting Standards (“CAS”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Proposal Trustee expresses no opinion or other form of assurance contemplated under the CAS in respect of such information.

7. This First Report has been prepared for the use of this Court and the LS’s stakeholders as general information relating to LS. Accordingly, the reader is cautioned that this First Report may not be appropriate for any other purpose.
8. Unless otherwise noted, all currency references in this First Report are to Canadian dollars.

D. FINANCIAL POSITION

9. LS’s records as at February 29, 2024 reflect \$89,417,887.80 owing to 447 LS Lenders. This amount represents principal advances received by LS pursuant to the promissory notes, unpaid and accrued interest and penalties and fees. The Proposal Trustee is not aware of any secured or unsecured debt other than the LS Lenders and one claim for severance by a former employee.
10. Based on discussions that the Proposal Trustee has had with representatives of LS to date, the Proposal Trustee understands that LS’s assets include:
 - (a) 16 secured mortgages registered against properties owned by LS CCAA Borrowers with a principal amount of \$2,472,094 and a total payout amount of \$2,898,559 as of January 23, 2024;
 - (b) 737 unsecured promissory notes due from the LS CCAA Borrowers with a principal amount of \$40,920,520 and a total payout amount of \$50,813,289 as of January 23, 2024;
 - (c) 367 unsecured promissory notes due from the Non-CCAA Borrowers with a principal amount of \$30,337,103 and a total payout amount of \$34,298,087 as of February 29, 2024; and
 - (d) 3 secured mortgages registered against properties owned by Non-CCAA Borrowers with a principal amount owed of \$361,000 and a total payout amount of \$380,142.

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11. To date, the Proposal Trustee has not independently verified all of the information provided to it and will continue to do so upon its appointment as Receiver/trustee including assessing and diligencing the claim that LS has against the Balboa group.
12. The Proposal Trustee is not aware of any other material assets owned by LS.

E. BANKRUPTCY AND THE APPOINTMENT OF AN EQUITABLE RECEIVER

13. Prior to the filing of the NOI, Fuller held multiple discussions with the principal of LS and its counsel to discuss the options available to LS given the demands that LS had begun to receive from its various creditors.
14. Ultimately, it was agreed with Ms. Drage, that as a result of the many demands for repayment and claims made against LS, an immediate stay was required to institute an orderly process for the benefit of all creditors. Accordingly, the NOI was filed on March 16, 2024.
15. Further, with the consent of LS, it was contemplated that an additional proceeding would be brought forward by the Proposal Trustee for possession and control by Fuller of LS's assets for the benefit of LS's creditors. LS agreed that this was the best course of action to maximize recoveries from the LS Borrowers as well as provide comfort to the LS Lenders that the Property was being administered by a court appointed officer.
16. As discussed below, on March 15, 2024, A&B sent demands on behalf of a number of creditors and also reached out to Fuller and its counsel to commence discussions regarding the structure of the LS proceedings, given the relatively significant number of LS Lenders who had engaged A&B. As a result of the discussions and the preferences expressed by those LS Lenders represented by A&B, Fuller and LS agreed that relief would be sought to terminate the NOI proceedings and to appoint of Fuller as equitable receiver. Fuller has consented to act as Receiver. A copy of Fuller's consent is attached as **Appendix "C"**.
17. Fuller has agreed to serve in these capacities and to bring the application/ motion to seek such relief at the request of both the LS Lenders represented by A&B as well as by LS. The appointment of Fuller as Receiver will permit it to pursue collections from LS Borrowers including asserting a claim in the Balboa CCAA proceedings, as well as address and assess the

claims of the LS Lenders in an expedient manner. As there was no real prospect for LS to file a proposal, there is no material prejudice to LS to terminate the NOI proceedings and commence a bankruptcy. LS has consented to this relief being sought. Accordingly, the Proposal Trustee recommends that the Court terminate the NOI and appoint Fuller equitable receiver pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “CJA”).

F. REPRESENTATIVE COUNSEL

18. The Proposal Trustee understands that LS has approximately 450 LS Lenders. The Proposal Trustee created a distinct email account for LS’s creditors and since the filing, has received over 200 emails and telephone calls requesting information and inquiring about the NOI process, timelines to repayment, and other related matters. The Proposal Trustee has prepared a “frequently asked questions” document addressing many of these questions which has been posted on its website which has been established for the NOI filing.
19. On March 15, 2024, A&B, on behalf of 36 creditors with claims in excess of \$13,000,000 issued an omnibus demand package making a formal demand against LS for immediate repayment to each of the 36 creditors.
20. As at the date of this report, the Proposal Trustee has been advised that A&B now represents 54 of the LS Lenders representing in excess of \$15.5 million of claims and has established a steering committee to represent the A&B clients.
21. Due to the large number of LS Lenders, and A&B existing client listing, Fuller’s view is representative counsel would effectively represent the interests of the LS Lenders in the proposed receivership proceeding. The appointment of A&B as representative counsel and the ability to appoint lender representatives will assist the Receiver with streamlining communications in these proceedings. Further, in the absence of representative counsel, many of the individual LS Lenders may not be able to access legal representation in these proceedings. A&B has extensive insolvency experience representing a variety of clients in complex proceedings and representative counsel mandates, and was appointed by Chief Justice Morawetz as representative counsel to the Redemption Claimants in the well-publicized

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Bridging Finance receivership under the *Ontario Securities Act*. The scope of A&B's representative counsel role would not extend to any LS Lender that opts out of A&B's representation on or before May 3, 2024 or any LS Lender who is a related person to LS or Ms. Drage.

22. In connection with its appointment, it is proposed that A&B's fees and disbursements will be paid out of the receivership and A&B would have the benefit of the proposed Receiver's charge. The actual allocation of all fees and disbursements paid out of the receivership will be determined at a later date.

G. PROPOSAL TRUSTEE'S ACTIVITIES TO DATE

23. Prior to and since the commencement of these proceedings, the Proposal Trustee's activities include the following:

- (a) corresponded with and held multiple discussions with LS's management and its counsel regarding LS's financial position and options;
- (b) filed the prescribed forms required under the BIA for the NOI;
- (c) mailed the notice to creditors (the "**Notice**") and related documents to all known creditors on March 22, 2024. A copy of the Notice is attached as **Appendix "B"**;
- (d) held discussions with management regarding the Cash Flow Projection required under the NOI and filed with the Official Receiver the Cash Flow Projection, the Insolvent Person's Report on Cash-Flow Statement, and the Trustee's Report on Cash-Flow Statement on March 26, 2023;
- (e) corresponded with and held multiple discussions with counsel to LS, the Proposal Trustee and A&B;
- (f) reviewed materials filed in the Balboa CCAA proceeding;
- (g) held discussions with representative counsel in the Balboa CCAA proceeding;

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- (h) held ongoing discussions the LS management including reviewing various schedules and documentation concerning LS's assets and liabilities;
- (i) prepared a FAQ document and posted in the Proposal Trustee's website;
- (j) responded to calls and emails from creditors;
- (k) monitored daily cash collections and regular discussions with management concerning cash flow status and collections;
- (l) drafted this report; and
- (m) generally, attended to all other matters in this proceeding not specifically referenced above.

H. REQUESTS FOR APPROVAL

24. The Receiver respectfully recommends and requests that this Court grant the relief as requested in paragraph 5(f) of this First Report.

All of which is respectfully submitted on this 28th day of March, 2024.

The Fuller Landau Group Inc.

THE FULLER LANDAU GROUP INC.

in its capacity as licensed insolvency trustee under the Notice of Intention to make a Proposal filed by The Lion's Share Group Inc. and in its capacity as proposed receiver and not in its personal capacity

APPENDIX "A"



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Mississauga
Court No. 32-3056681
Estate No. 32-3056681

In the Matter of the Notice of Intention to make a proposal of:

The Lion's Share Group Inc.

Insolvent Person

THE FULLER LANDAU GROUP INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

March 16, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: March 18, 2024, 09:02

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

Canada

APPENDIX "B"



March 22, 2024

To: The Creditors of The Lion's Share Group Inc. (the "Company" or "LS")

We are writing to advise that on March 16, 2024, the Company filed a Notice of Intention to Make a Proposal ("NOI") under the Bankruptcy and Insolvency Act (Canada) (the "BIA") pursuant to which the Company engaged The Fuller Landau Group Inc. to serve as the proposal Trustee assisting in the proposal process.

Enclosed are:

- a copy of the Certificate of Filing of A Notice Of Intention To Make A Proposal;
- a copy of the Company's NOI including:
 - the Trustee's Consent; and
 - a total amount owing to the Company's known creditors which has been obtained from the Company's books and records. For privacy, the list does not detail individual creditor names and the amounts owed to each creditor.

Pursuant to the BIA:

- the filing of a NOI provides for a statutory "stay of proceedings" between the Company and its creditors;
- the Company is required to file a Proposal within 30 days of the filing of the NOI, subject to an extension from the Court; and
- a meeting of creditors to consider the Proposal is to be held within 21 days of the filing of a Proposal, and notice of the meeting will be sent to all known creditors at least 10 days prior to the meeting.
- There is no need for any creditor to file a Proof of Claim at this time and at the appropriate time, you will receive a notice to file your claim.

Information and updates regarding the proceeding can be found at our website at:

https://fullerlp.com/active_engagements/the-lions-share-group-inc/

Should you have any questions regarding the above, please email lionsshare@fullerlp.com and we will respond as necessary.

Sincerely,

The Fuller Landau Group Inc.

A handwritten signature in black ink that reads "The Fuller Landau Group Inc." in a cursive, slightly slanted font.

The Fuller Landau Group Inc. in its capacity as
Licensed Insolvency Trustee re: the Notice of Intention to
Make a Proposal of The Lion's Share Group Inc.
and not in its personal or corporate capacity



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

District of Ontario
Division No. 09 - Mississauga
Court No. 32-3056681
Estate No. 32-3056681

In the Matter of the Notice of Intention to make a proposal of:

The Lion's Share Group Inc.

Insolvent Person

THE FULLER LANDAU GROUP INC.

Licensed Insolvency Trustee

Date of the Notice of Intention:

March 16, 2024

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: March 18, 2024, 09:02

E-File/Dépôt Electronique

Official Receiver

Federal Building - Hamilton, 55 Bay Street N, 9th Floor, Hamilton, Ontario, Canada, L8R3P7, (877)376-9902

Canada

IN THE MATTER OF THE PROPOSAL OF
THE LION'S SHARE GROUP INC.
OF THE COMMUNITY OF FREELTON, IN THE DISTRICT OF FLAMBOROUGH,
OF THE CITY OF HAMILTON,
IN THE PROVINCE OF ONTARIO

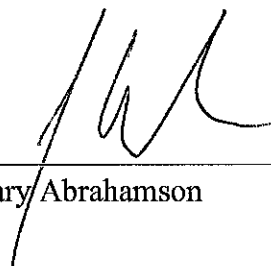
CONSENT

We, The Fuller Landau Group Inc., licensed insolvency trustee, consent to act as Trustee in a proposal to be filed by The Lion's Share Group Inc. pursuant to the *Bankruptcy and Insolvency Act*.

DATED at Toronto, Ontario this 15th day of April, 2024

THE FULLER LANDAU GROUP INC.

Per:



Gary Abrahamson

District of:
Division No. -
Court No.
Estate No.

- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
The Lion's Share Group Inc.
Of the Community of Freelon, in the District of Flamborough
Of the City of Hamilton,
In the Province of Ontario

Take notice that:

1. I, The Lion's Share Group Inc., an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. The Fuller Landau Group Inc. of 151 Bloor St. West, 12th Floor, Toronto, ON, M5S 1S4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 16th day of March 2024.



The Lion's Share Group Inc.
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

Form 33
Notice of Intention to Make a Proposal
(Subsection 50.4(1) of the Act)

In the Matter of the Proposal of
The Lion's Share Group Inc.
Of the Community of Freelon, in the District of Flamborough
Of the City of Hamilton,
In the Province of Ontario

List of Creditors with claims of \$250 or more

<u>Creditor</u>	<u>Amount (\$CAD)</u>
Promissory Notes - Various corporate entities and individuals	89,417,888.80

APPENDIX "C"

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE COURTS OF
JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

AND IN THE MATTER OF THE RECEIVERSHIP OF THE LION'S SHARE GROUP INC.

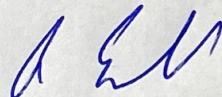
CONSENT

THE FULLER LANDAU GROUP INC. hereby consents to act as the court-appointed receiver without security, of all of the assets, undertakings and properties of The Lion's Share Group Inc., in connection with its application pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended, and pursuant to the terms of an order substantially in the form filed.

DATED AT TORONTO, ONTARIO this 28th day of March, 2024

THE FULLER LANDAU GROUP INC.

Per:



Name:

Adem Erlich

Title:

Senior Vice President

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
THE LION'S SHARE GROUP INC.

Court File No. BK-24-03056681-0032
Estate No.: 32-3056681

-AND-

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

Court File No. _____

AND IN THE MATTER OF THE RECEIVERSHIP OF THE LION'S SHARE GROUP INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**FIRST REPORT OF THE PROPOSAL TRUSTEE AND
PRE-FILING REPORT OF THE PROPOSED RECEIVER**

NORTON ROSE FULBRIGHT CANADA LLP

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Fax: 416.216.3930

Jennifer Stam LSO#: 46735J

Tel: 416.202.6707
jennifer.stam@nortonrosefulbright.com

Lawyers for the Receiver

TAB 3

Court File No. _____

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

THE HONOURABLE)	WEDNESDAY, THE 3 rd
)	
JUSTICE BLACK)	DAY OF APRIL, 2024

**IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

**AND IN THE MATTER OF THE RECEIVERSHIP OF THE
LION'S SHARE GROUP INC.**

REPRESENTATIVE COUNSEL APPOINTMENT ORDER

THIS MOTION made by The Fuller Landau Group Inc. ("**Fuller**"), in its capacity as receiver (in such capacity, the "**Receiver**") , without security, of all of the assets, undertakings, and properties (collectively, the "**Property**") of The Lion's Share Group Inc. (the "**Debtor**") for an Order appointing Aird & Berlis LLP as representative counsel for the Noteholders (as defined below) with the exception of the Opt-Out Noteholders (as defined below) (in such capacity, the "**Representative Counsel**"), was heard this day by Zoom videoconference.

ON READING the motion record of the Receiver and on hearing the submissions of counsel for the Receiver, Representative Counsel, [**the Debtor**] and those other parties listed on the counsel slip, no one else appearing although duly served as appears from the Affidavit of Service of <*>, sworn March <*>, 2024:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the motion record of the Receiver is hereby validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

DEFINITIONS

2. The following terms shall have the meanings ascribed thereto:

- (a) **“Appointment Date”** means April 3, 2024;
- (b) **“Appointment Order”** means the Order of this Court issued April 3, 2024 appointing Fuller as Receiver;
- (c) **“BIA”** means the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3, as amended;
- (d) **“NOI Proceedings”** mean the proceedings commenced by the Debtor pursuant to Part IV of the BIA bearing Estate No. 32-3056681;
- (e) **“Noteholders”** all persons (including their respective successors, heirs, assigns, litigation guardians and designated representatives under applicable law) who directly or indirectly hold legal or beneficial interest in one or more promissory notes executed by the Debtor, but excluding individual investment advisors and any employee, director or officer of the Debtor and its subsidiaries or affiliates and excluding any person who is a “related person” (as defined in the BIA) to the Debtor or Claire Drage;
- (f) **“Opt-Out Noteholders”** has the meaning ascribed in section 14 herein; and
- (g) **“Receivership Proceedings”** means these proceedings commenced by an application by Fuller, in its capacity as proposal trustee in the NOI Proceedings, under section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and pursuant to which Fuller was appointed as the Receiver.

REPRESENTATIVE COUNSEL

3. **THIS COURT ORDERS** that Aird & Berlis LLP be and hereby is appointed as Representative Counsel for all Noteholders, with the exception of the Opt-Out Noteholders. The mandate of Representative Counsel (the **“Mandate”**) shall be to represent the Noteholders (with the exception of Opt-Out Noteholders) in connection with these Receivership Proceedings.

4. **THIS COURT ORDERS** that the Representative Counsel shall be entitled but not required to commence the process of identifying no more than five (5) Noteholders to be nominated as Court-appointed representatives (collectively, the **“Representatives”**) as soon as practicable following the date hereof. The Representatives, if and once appointed, shall represent the Noteholders other than any Opt-Out Noteholders, if any, in these Receivership Proceedings, and

advise, and where appropriate instruct, the Representative Counsel, including, without limitation, for the purpose of settling or compromising claims of the Noteholders in these Receivership Proceedings. The Representative Counsel may rely upon the advice, information and instructions received from the Representatives, if any, in carrying out its Mandate without further communications or instructions from the Noteholders.

5. **THIS COURT ORDERS** that, with the exception of any Opt-Out Noteholder, (i) the Representative Counsel and the Representatives, if any, shall represent all of the Noteholders in these Receivership Proceedings, and (ii) the Noteholders shall be bound by the actions of the Representative Counsel and the Representatives, if any, in these Receivership Proceedings.

6. **THIS COURT ORDERS** that, subject to confidentiality arrangements acceptable to the Receiver and only to the extent available, the Receiver shall provide to Representative Counsel, without charge, the following information, documents and data (the "**Information**") in machine-readable format as soon as possible after the granting of this Order, for the purposes of enabling Representative Counsel to carry out its Mandate in accordance with this Order:

- (a) the names, last known addresses, and last known telephone numbers and e-mail addresses (if any) of the Noteholders; and
- (b) upon request of Representative Counsel, such documents and data as Representative Counsel deems necessary or desirable in order to carry out its Mandate;

and that, in doing so, the Receiver is not required to obtain express consent from such Noteholders authorizing disclosure of the Information to Representative Counsel and, further, in accordance with section 7(3) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5 ("**Personal Information Protection Act**"), this Order shall be sufficient to authorize the disclosure of the Information, without the knowledge or consent of the individual Noteholders.

7. **THIS COURT ORDERS** that, subject to confidentiality arrangements acceptable to the Receiver, the Receiver is authorized to disclose to Representative Counsel and its Advisors (as defined below) (each, a "**Recipient**") all Information. Each Recipient to whom Information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to the performance of the Mandate.

8. **THIS COURT ORDERS** that, subject to confidentiality arrangements acceptable to the Receiver, in connection with the permitted disclosure of Information, pursuant to section 7(3)(c) of the Personal Information Protection Act, the Receiver is hereby authorized to disclose personal information of identifiable individuals ("**Personal Information**") to each Recipient. Each Recipient to whom Personal Information is disclosed shall maintain and protect the privacy of such Personal Information and, upon termination of the Mandate, such Recipient shall return all such Personal Information to the Receiver or alternatively destroy such Personal Information and provide confirmation of its destruction if so requested by the Receiver.

9. **THIS COURT ORDERS** that Representative Counsel be and hereby is authorized to retain such financial and other advisors and assistants as may be reasonably necessary or advisable in connection with the Mandate ("**Advisors**") provided the proposed costs and expenses of such Advisors shall be subject to the written consent of the Receiver or Order of this Court.

10. **THIS COURT ORDERS** all reasonable professional fees and disbursements that were incurred by Representative Counsel leading up to the Receivership Proceedings, and which may be incurred on or after the Appointment Date by Representative Counsel and its Advisors retained pursuant to section 9 above, if any, shall be paid by the Receiver on a monthly basis, forthwith upon the rendering of accounts to the Receiver, to the extent funding is available in the receivership, and such fees and disbursements shall be secured by the Receiver's Charge (as such term is defined in the Appointment Order) and provided further that Representative Counsel shall have given the Receiver an accounting of all such fees and disbursements incurred prior to their appointment. In the event of any disagreement regarding such fees and disbursements, such disagreement may be remitted to this Court for determination.

11. **THIS COURT ORDERS** that Representative Counsel be and hereby is authorized to take all steps and to do all acts necessary or desirable to carry out the terms of this Order, including dealing with any court, regulatory body and other government ministry, department or agency, and to take all such steps as are necessary or incidental thereto.

12. **THIS COURT ORDERS** that neither the appointment of Representative Counsel nor any actions or steps taken by Representative Counsel shall be deemed to constitute Representative Counsel or any Noteholder as having taken or maintained any control or possession of or over any of the Property (as defined in the Appointment Order) or having assumed management or control of the Company or the Property.

NOTICE AND OPT-OUT PROCEDURE

13. **THIS COURT ORDERS** that notice of the granting of this Order, substantially in the form attached hereto as **Schedule “A”** shall be:

- (a) sent by the Receiver to the Noteholders within 10 days of the date of this Order by email (if known) or by regular mail; and
- (b) posted by the Receiver to the Receiver’s website.

14. **THIS COURT ORDERS** that any Noteholders who do not wish to be represented by Representative Counsel in these Receivership Proceedings shall, by no later than 5:00 p.m. (ET) on May 3, 2024, notify the Receiver and Representative Counsel, in writing (including by email) by way of the form attached at **Schedule “B”**, that they are opting out of representation by Representative Counsel (an **“Opt-Out Notice”**), and shall thereafter not be bound by the actions of Representative Counsel and shall represent themselves or be represented by any counsel that they may retain exclusively at their own expense in these Receivership Proceedings (any such persons who deliver an Opt-Out Notice in compliance with the terms of this section 14, **“Opt-Out Noteholders”**).

PROTECTIONS AND AUTHORITY TO SEEK ADVICE AND DIRECTIONS

15. **THIS COURT ORDERS** that Representative Counsel shall have no liability as a result of its appointment or the fulfilment of its duties in carrying out the provisions of this Order from and after the Appointment Date save and except for any gross negligence or willful misconduct on its part.

16. **THIS COURT ORDERS** that Representative Counsel shall be at liberty and is authorized at any time to apply to this Court on notice to the Receiver for advice and directions in the discharge or variation of the Mandate.

17. **THIS COURT ORDERS** that no action or other proceeding may be commenced against Representative Counsel with respect to performance of the Mandate without leave of the Court on seven days’ notice to Representative Counsel.

18. **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, Representative Counsel and their respective 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 and to Representative Counsel, as may be necessary or desirable to give effect to this Order or to assist the Receiver, Representative Counsel and their respective agents in carrying out the terms of this Order.

19. **THIS COURT ORDERS** that the Receiver, its counsel, and Representative Counsel may serve or distribute this Order and any related materials, including, without limitation, the notice of the appointment of Representative Counsel set out at Schedule "A" hereto, by forwarding true copies thereof by email or regular mail to the Noteholders, creditors or other interested parties and their advisors (if any). For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or juridical obligation, and the notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

Schedule "A"

Court File No. _____

**IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

**AND IN THE MATTER OF THE RECEIVERSHIP OF THE
LION'S SHARE GROUP INC.**

NOTICE TO NOTEHOLDERS

Following an application by The Fuller Landau Group Inc. ("**Fuller**") under section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and pursuant to Orders of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated April 3, 2024, Fuller was appointed as receiver, without security, of all of the assets, undertakings, and properties of The Lion's Share Group Inc. (the "**Debtor**") (the "**Receivership Proceedings**").

TAKE NOTICE THAT, pursuant to the Representative Counsel Appointment Order of the Court dated April 3, 2024 (the "**Order**"), Aird & Berlis LLP was appointed as representative counsel (in such capacity, "**Representative Counsel**") of the following:

all persons (including their respective successors, heirs, assigns, litigation guardians and designated representatives under applicable law) who directly or indirectly hold legal or beneficial interest in one or more promissory notes executed by the Debtor and who do not opt-out of representation in accordance with section 14 of the Order, but excluding individual investment advisors and any employee, director or officer of the Debtor and its subsidiaries or affiliates and excluding any person who is a "related person" (as defined in the BIA) to the Debtor or Claire Drage.

IF YOU DO NOT WISH TO BE REPRESENTED in the Receivership Proceedings by Representative Counsel, you must, by no later than 5:00 p.m. (ET) on May 3, 2024, provide notice in writing (including by email) to the Receiver and Representative Counsel in accordance with section 14 of the Order.

The Fuller Landau Group Inc., in its capacity as Receiver

151 Bloor Street W, 12th floor
Toronto, Ontario M5S 1S4
Attention: <*>

Email: <*>

Aird & Berlis LLP, in its capacity as Representative Counsel

Brookfield Place,
181 Bay St. #1800,
Toronto, ON M5J 2T9
Attention: Kyle Plunkett, Mark van Zandvoort, Shaun Parsons

Email: kplunkett@airdberlis.com; mvanzandvoort@airdberlis.com; sparsons@airdberlis.com

Schedule "B"

Court File No. _____

**IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C.43, AS AMENDED**

**AND IN THE MATTER OF THE RECEIVERSHIP OF THE
LION'S SHARE GROUP INC.**

OPT-OUT LETTER

The Fuller Landau Group Inc., in its capacity as Receiver

151 Bloor Street W, 12th floor
Toronto, Ontario M5S 1S4
Attention: <*>

Email: <*>

Aird & Berlis LLP, in its capacity as Representative Counsel

Brookfield Place,
181 Bay St. #1800,
Toronto, ON M5J 2T9
Attention: Kyle Plunkett, Mark van Zandvoort, Shaun Parsons

Email: kplunkett@airdberlis.com; mvanzandvoort@airdberlis.com; sparsons@airdberlis.com

I am a Noteholder as defined in the Representative Counsel Appointment Order of the Ontario Superior Court of Justice (Commercial List) dated April 3, 2024 (the "Order").

Pursuant to section 14 of the Order, Noteholders who do not wish Aird & Berlis LLP to act as their Representative Counsel in the Receivership Proceedings (each as defined in the Order) may opt out.

I hereby provide written notice that I do not wish to be bound by the Order and will be represented as an independent individual party at my own expense to the extent I wish to appear in the Receivership Proceedings.

If the Noteholder is an individual, please execute below:

_____ Date

_____ Signature

If the Noteholder is a corporation, please execute below:

_____ Date

_____ Signature

Per: _____
Name:
Title:
I/We have authority to bind the corporation

Contact Information:

Name (please print): _____

Address: _____

Telephone: _____

Email: _____

Court File No. _____

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

AND IN THE MATTER OF THE RECEIVERSHIP OF THE LION'S SHARE GROUP INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**REPRESENTATIVE COUNSEL
APPOINTMENT ORDER**

NORTON ROSE FULBRIGHT CANADA LLP
222 Bay Street, Suite 3000
Toronto ON M5K 1E7

Jennifer Stam LSO#: 46735J
Tel: 416.202.6707
jennifer.stam@nortonrosefulbright.com

Lawyers for the Receiver

IN THE MATTER OF AN APPLICATION UNDER SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

Court File No. _____

AND IN THE MATTER OF THE RECEIVERSHIP OF THE LION'S SHARE GROUP INC.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**MOTION RECORD
(Appointment of Representative Counsel)**

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Fax: 416.216.3930

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Lawyers for the Receiver