

03-12-2004



102692114

Form PTO-1594 (Rev. 03/01) OMB No. 0651-0027 (exp. 5/31/2002) Tab settings

U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): 3-10-04

Shiner Kideckel Zweig Inc. as Interim Receiver of Atelier America Inc.

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other Asset Purchase Agreement

Execution Date: February 13, 2003

2. Name and address of receiving party(ies)

Name: 2022173 ONTARIO INC.

Internal Address:

Street Address: 250 Ferrand Drive, suite 1007

City: Toronto State: Ontario Zip: M3C 3G8

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2444877, 1469371, 2281999

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Riches, McKenzie & Herbert LLP

Internal Address:

Street Address: 2 Bloor Street East, Suite 1800

City: Toronto State: Ontario Zip: M4W 3J5

6. Total number of applications and registrations involved: 3

7. Total fee (37 CFR 3.41): \$ 90.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Paul Herbert - Reg. No. 27,278

Name of Person Signing

Signature

March 4, 2004

Date

Total number of pages including cover sheet, attachments, and document: 41

03/11/2004 MBETACHE 00000063 2444877

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

01 FC:8521 02 FC:8522

40.00 OP 50.00 OP

TRADEMARK REEL: 002925 FRAME: 0213

IN THE UNITED STATES PATENTS AND TRADEMARKS OFFICE

APPOINTMENT OF DOMESTIC REPRESENTATIVE

To: Mail Stop Assignment Recordation Services
Director of the US Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450
U.S.A.

TRADE MARK/SERVICE MARK INFORMATION

A. Trademark Application Serial No.(s)	B. Trademark Registration No.(s)
N/A	2444877 1469371 2281999

RECEIVING PARTY INFORMATION

Receiving Party : 2022173 Ontario Inc.
Street : 250 Ferrand Drive, Suite 1007
City/Province : Toronto, Ontario
Postal Code : M3C 3G8
Country : Canada

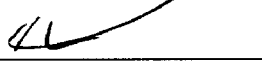
The above-noted Receiving Party and owner of rights in the trademark registrations listed above by reason of an assignment submitted herewith hereby designates

CRUSTSINGER & BOOTH

whose post office address is Thanksgiving Tower
1601 Elm Street Suite 1950
Dallas, Texas 75201-4744
U.S.A.

as its representative upon whom service of notice of process in proceedings affecting the registration may be served.

Receiving Party: **2022173 ONTARIO INC.**

Signature: 
Name: Paul Herbert - Reg. No. 27,278
Title: Attorney of record
Date: March 4, 2004

ASSET PURCHASE AGREEMENT

This Agreement made this 11th day of February, 2003.

BETWEEN:

SHINER KIDECKEL ZWEIG INC., in its capacity as
Court appointed Interim Receiver of the property, assets
and undertaking of Atelier America Inc.

(hereinafter referred to as the "Vendor")

OF THE FIRST PART

- and -

2022173 ONTARIO INC., a corporation
incorporated under the laws of the Province of Ontario
(hereinafter referred to as the "Purchaser")

OF THE SECOND PART

WHEREAS:

- A. Atelier America Inc. ("Atelier"), a company incorporated under the laws of the Province of Ontario, is engaged in the business of "art reproductions";
- B. The Vendor was appointed the Interim Receiver of the property, assets and undertaking of Atelier pursuant to an order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated January 23, 2003 (the "Receivership Order"); and
- C. Subject to the approval of the Court, the Vendor has agreed to sell, transfer and assign to the Purchaser and the Purchaser has agreed to buy from the Vendor, all of the right, title and interest of Atelier in and to the Assets (as hereinafter defined).

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each party to the other, the parties hereto agree as follows:

GM

**ARTICLE 1
PURCHASE AND SALE OF ASSETS**

Section 1.01 Assets

The Purchaser agrees to purchase from the Vendor, and the Vendor agrees to sell to the Purchaser, subject to the terms and conditions hereof, all of Atelier's right, title and interest, if any, in and to the property, assets and undertaking of Atelier in existence on Closing described or referred to in Schedule "A" attached hereto (collectively, the "Assets").

Section 1.02 Assignment of Contracts

Nothing in this Agreement shall be construed as an attempt to assign any Assets which are not assignable, in whole or in part, without the consent of the other party or parties to such Assets, unless such consent shall have been given or the assignment is otherwise lawful. The Purchaser shall attempt to secure such consents on terms reasonably satisfactory to it. The failure of the Purchaser to have obtained any such consents, on or before the Time of Closing, shall not entitle the Purchaser to terminate this Agreement or to an abatement of the Purchase Price (as this term is hereinafter defined).

**ARTICLE 2
PURCHASE PRICE**

Section 2.01 Purchase Price and Additional Consideration

- A. The purchase price payable to the Vendor for the Assets shall be the total of:
- (a) (being the amount owing by Atelier to Century Services Inc. for principal and interest at February 7, 2003) less the net amount of accounts receivable of Atelier collected by Century Services Inc. prior to the Closing **plus;**
 - (i) the legal fees and disbursements of its solicitors as at January 31, 2003 in the amount of **plus;**
 - (b) (which is understood to be the amount owing by Atelier to PLM Group Limited for which it has security) **plus:**
 - (i) on account of legal and accounting expenses incurred by PLM Group Limited in connection with the enforcement of its security, **plus;**
 - (c) the reasonable fees, disbursements and expenses of the Vendor as Interim Receiver for services rendered to and including the Closing and the

proceedings to be undertaken by it in connection with its application for its discharge, plus the reasonable fees, disbursements and expenses of legal counsel retained by the Vendor in connection with the foregoing.

(collectively the "Purchase Price") payable as follows:

- i. the sum of _____ shall be paid by bank draft or by certified cheque drawn on a Canadian Chartered Bank, and made payable to the Vendor upon the execution of this Agreement as a deposit; and
- ii. the balance of the Purchase Price shall be delivered at the Time of Closing payable by bank draft or by certified cheque drawn on a Canadian Chartered Bank and made payable to the Vendor.

Additional Consideration

- B. In addition to the Purchase Price, the Purchaser will on or before Closing purchase:
- i. from Hallmark Cards Incorporated the debt owing by Atelier to it on such terms and price as may be agreed upon with Hallmark Cards Incorporated and the security and rights enjoyed by Hallmark Cards Incorporated; and
 - ii. from 1450714 Ontario Inc. the debt owing by Atelier to it on such terms and price as may be agreed upon with 1450714 Ontario Inc. and the security and rights enjoyed by 1450714 Ontario Inc.
- C. The Purchaser, having purchased the debt owing to and the security and rights enjoyed by Hallmark Cards Incorporated and 1450714 Ontario Inc. will subordinate its security, and postpone its rights to receive any of the monies constituting the Purchase Price in favour of Century Services Inc. and PLM Group Limited to the extent only of the secured debt referred to in Section 2.01 A. above.

Section 2.02 Allocation of Purchase Price

As between the Vendor and the Purchaser, the Purchase Price shall be allocated among the Assets as set out in Schedule "B" attached hereto.

Section 2.03 Transfer Taxes

The Purchaser shall pay at the Time of Closing (as this term is hereinafter defined), in addition to the Purchase Price, all applicable federal and provincial sales and

transfer taxes exigible in connection with this transaction. Alternatively, where applicable at the sole and reasonable opinion of the Vendor, the Purchaser shall have the option of furnishing the Vendor with such purchase exemption certificates, elections and other documentation, which are in form and content satisfactory to the Vendor, together with an indemnity satisfactory to the Vendor. Such indemnity shall save the Vendor harmless from any costs, expenses or damages suffered by the Vendor as a result of the failure by the Purchaser either to pay any taxes exigible in accordance with this section, whether arising from reassessment or otherwise, or to file the appropriate certificates, elections or other documentation required of it, pursuant to the taxation statutes governing the granting of such exemptions.

ARTICLE 3 REPRESENTATIONS

Section 3.01 Vendor's Representations

The Vendor represents and warrants to the Purchaser that:

- (a) subject to the making of the Approval Order and Vesting Order (as hereinafter discussed), the Vendor has the power and authority to enter into this Agreement and to sell and convey the right, title and interest of Atelier, if any, in and to the Assets to the Purchaser in the manner contemplated by this Agreement;
- (b) the Vendor is not a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada); and
- (c) the Vendor has done no act to encumber the Assets.

Section 3.02 Purchaser's Representations

The Purchaser hereby represents and warrants to and in favour of the Vendor that:

- (a) the Purchaser is and will be at the Time of Closing, a corporation validly incorporated and existing under the laws of the Province of Ontario and has the requisite power and authority to enter into this Agreement and to complete the transaction (the "Transaction") of purchase and sale of the Assets as contemplated in this Agreement;
- (b) the Purchaser has taken all necessary corporate action to authorize the entering into and performance by it of this Agreement, and this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable in accordance with its terms; and
- (c) the Purchaser is not and will not at the Time of Closing, be a non-Canadian person within the meaning of the *Investment Canada Act* (Canada).

**ARTICLE 4
TITLE**

Section 4.01 Title Documents

The Vendor shall not be required to furnish or produce any document or evidence of title with respect to the Assets, except those in its possession.

Section 4.02 "As Is. Where Is"

Notwithstanding anything contained herein, the Purchaser confirms that it has entered into this Agreement on the basis that:

- (a) the Purchaser has conducted its own investigations of the title to the Assets;
- (b) the Purchaser, subject to Section 5.01 (e) has and shall be deemed to have inspected the Assets, satisfied itself with respect to the Assets and all matters and things connected with or in any way related to the Assets, and to have relied entirely upon its own investigations and inspections in entering into this Agreement and accepting the Assets;
- (c) the Purchaser is purchasing the Assets on an "as is, where is" basis;
- (d) the Assets are being purchased as they will exist and at their location on the Time of Closing, and no adjustments will be allowed to the Purchaser for any change in condition, value, quantity or quality of the Assets;
- (e) the Vendor has made no representations, warranties, statements or promises (save and except as expressly stated in this Agreement) and has not agreed to any condition with respect to the Assets, whether statutory (including, without limitation, under the *Sale of Goods Act* (Ontario)), express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, all of which are expressly excluded, as to:
 - i. title, including, without limitation, the existence, validity, registration, enforceability or priority of any mortgages, charges, liens, encumbrances, security interests, claims or demands of whatsoever nature or kind affecting or in any way relating to any or all of the Assets;
 - ii. the existence, condition, merchantability, description, fitness for any particular purpose or use, suitability, durability, marketability, enforceability, condition, quantity or quality thereof of any or all of the Assets; or

- iii. any other matter or thing whatsoever in respect of any or all of the Assets; and
- (f) the description of the Assets in this agreement, including any schedules attached hereto, are solely for the purpose of the parties in identifying such assets. The vendor has not independently verified any of the information contained herein and makes no representations or warranties as to the accuracy or completeness of such descriptions.

Section 4.03 Court Approval

The Vendor shall forthwith apply to the Court for approval of this Agreement and the issuance of a Vesting or other appropriate Order vesting title to the Assets in the Purchaser on Closing free and clear from any and all charges, liens, pledges, encumbrances, trusts claims, equity of redemption, security interests, claims, demands or interests of whatsoever nature or kind legal or equitable **excluding** the security held by Hallmark Cards Incorporated and 1450714 Ontario Inc. and the security interest held by Newcourt Financial in connection with its equipment lease. The Vendor shall diligently pursue such application and shall promptly notify the Purchaser of the disposition thereof.

Section 4.04 Royalties

The Purchaser agrees that as and when it sells any works of art produced or created by an artist, which is subject to a Royalty Agreement between Atelier and such artist it will pay all relevant royalty fees to each such artist as provided for in the respective Royalty Agreements.

ARTICLE 5 CONDITIONS

Section 5.01 Conditions of the Purchaser

The obligation of the Purchaser to complete the purchase of the Assets is subject to the following conditions being fulfilled, or performed, at or prior to the Time of Closing:

- (a) all representations and warranties of the Vendor contained in this Agreement shall be true and correct;
- (b) the Vendor shall have complied with and performed all of its covenants and obligations contained in this Agreement;
- (c) the Purchaser shall have received a copy of the Receivership Order evidencing that the Vendor was duly appointed the Interim Receiver of the property, assets and undertaking of Atelier and that the Vendor has authority to enter into this Agreement and complete the Transaction; and

- (d) the Purchaser shall, subject to payment of all occupancy charges provided in the Lease have the right to occupy the premises where the Assets are situate following the closing up to and including March 31, 2003;

The foregoing conditions are for the exclusive benefit of the Purchaser, and any condition may be waived by it in whole or in part.

Section 5.02 Deposit

The Deposit shall be held in trust by the Vendor and shall be:

- (a) credited to the Purchaser against the Purchase Price on the Closing Date if the purchase and sale of the Assets is completed pursuant to the Agreement; or
- (b) refunded to the Purchaser, with interest and without deduction, if the purchase and sale of the Assets is not completed pursuant to the Agreement, provided that the Purchaser is not in default under the Agreement; or
- (c) retained by the Vendor, in addition to any other rights and remedies that the Vendor may have under the Agreement and at law, if the purchase and sale of the Assets is not completed pursuant to the Agreement, as a result of the Purchaser's breach thereunder. If the Deposit is insufficient to fully compensate the Vendor for such damages, the Purchaser will satisfy the deficiency forthwith upon delivery to the Purchaser of a demand for same, together with a full accounting setting out the specifics and justification for the Vendor's demand.

Section 5.03 Access to Books and Records

The Vendor, will be entitled during normal business hours and upon reasonable prior notice to the Purchaser, reasonable access to the Books and Records of Atelier following the completion of the within transaction of purchase and sale which it may require in its sole discretion to fulfill its obligations; and the Vendor will also be entitled to possession of the said Books and Records or any part thereof upon request in order to make copies of same at its sole cost and expense. The Purchaser covenants and agrees not to dispose of the Books and Records or any part thereof without the prior written consent of the Vendor, which consent shall not be unreasonably withheld.

Section 5.04 Conditions of the Vendor

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) all representations and warranties of the Purchaser contained in this Agreement shall be true and correct and the Purchaser shall have delivered to the Vendor satisfactory evidence to that effect;
- (b) the Purchaser shall have complied with and performed all of its covenants and obligations contained in this Agreement;
- (c) no action or proceeding, at law or in equity, shall have been commenced or threatened by any person, firm, company, government, regulatory body or agency to enjoin, restrict or prohibit the Transaction;
- (d) the Purchaser shall have paid the Purchase Price in full to the Vendor;
- (e) the Vendor shall have applied to the Court and obtained an Order approving this Agreement (Approval Order) and the issuance of a vesting order (“**Vesting Order**”) or other appropriate Order by the Court vesting title to the Assets in the Purchaser at the Time of Closing pursuant to the terms of this Agreement free from any charge, lien, pledge, encumbrance, trust claim, equity of redemption, security interest, claim, demand or interest of whatever nature or kind, legal or equitable **excluding** the security held Hallmark Cards Incorporated and 1450714 Ontario Inc. and the security interests held by Newcourt Financial in connection with its equipment lease;
- (f) the Purchaser and Vendor shall have entered into an Occupation Agreement with respect to the premises for the period following Closing to March 31, 2003, inclusive, which shall provide the Vendor with an indemnity in form and substance satisfactory to the Vendor and Purchaser with respect to the Purchaser’s obligations under the Occupation Agreement;
- (g) the Purchaser shall have delivered to the Vendor the Agreement of Hallmark Cards Incorporated or its assignee subordinating the payment of its debt and security to the payment of the amounts payable to Century Services Inc., PLM Limited and the interim receiver and its legal counsel as contemplated in section 2.01 A; and
- (h) The Vendor shall have obtained an Order of the Court declaring that no artist or artist’s agent shall have any claim against the Vendor for copyright infringement, payment of royalties or any other claim whatsoever arising from or in connection with the sale of the Assets to the Purchaser pursuant to this Agreement.

The foregoing conditions are for the exclusive benefit of the Vendor, and any condition may be waived by it in whole or in part.

ARTICLE 6 CLOSING

Section 6.01 Place of Closing

The completion of this transaction as it relates to the purchase of the Assets shall take place at the offices of Chaiton & Chaiton LLP on the earlier of the 3rd business day next following the Order referred to in Section 4.02 or February 19, 2003 at 1:00 p.m. EST or such earlier or later time or date as the parties may agree in writing (such time being referred to herein as the "Time of Closing").

Section 6.02 Deliveries on Closing by the Vendor

The Vendor shall deliver to the Purchaser at the Time of Closing:

- (a) a copy of the Approval Order;
- (b) a copy of the Vesting Order;
- (c) all bills of sale and assignments in form and substance satisfactory to both counsel for the Vendor and the Purchaser, acting reasonably, as may be necessary to transfer Atelier's right, title and interest, if any, in and to the Assets to the Purchaser in the manner contemplated under this Agreement; and
- (d) all other documents contemplated by this Agreement to effectually complete the Transaction.

Section 6.03 Deliveries on Closing by the Purchaser

The Purchaser shall deliver to the Vendor at the Time of Closing:

- (a) the balance of the Purchase Price by way of bank draft or certified cheque drawn on a Canadian chartered bank and made payable to the Vendor;
- (b) evidence satisfactory to the Vendor that the Purchaser has complied with the provisions of paragraph 2 B and C of this Agreement; and
- (c) all other documents contemplated by this Agreement to effectually complete the Transaction.

**ARTICLE 7
MISCELLANEOUS**

Section 7.01 Title and Risk

The Assets shall remain at the risk of the Vendor to the extent of its interest, until completion of the Transaction. Pending closing, the Vendor shall hold all insurance policies and proceeds thereof in trust for itself, the Purchaser and all other parties as their respective interests may appear. In the event of damage to any of the Assets prior to the Time of Closing, the Purchaser may, at its option:

- (a) complete the Transaction without reduction of the Purchase Price, in which event all proceeds of insurance or compensation shall be payable to the Purchaser; or
- (b) rescind this Agreement in the event of substantial damage to the Assets, and the parties hereto shall have no further rights and remedies against each other.

Section 7.02 Obligations to Survive

Notwithstanding the completion of the Transaction set out in this Agreement or the delivery of documents pursuant to this Agreement, the obligations, covenants, representations and warranties of the parties hereto shall survive the completion of the Transaction and shall remain in full force and effect and shall not merge as a result thereof.

Section 7.03 Receiver's Capacity

The parties hereto agree that the Vendor acts solely in its capacity as Interim Receiver of the property, assets and undertaking of Atelier, and that the Vendor and its agents, officers and employees shall have no personal or corporate liability under or as a result of this Agreement, or otherwise in connection herewith.

Section 7.04 Further Assurances

Each of the parties hereto from and after the Time of Closing shall, from time to time, and at the request and expense of the party requesting the same, do all such further acts and things and execute and deliver such further instruments, documents, matters, papers and assurances as may be reasonably requested for more effectually carrying out the true intent and meaning of this Agreement.

Section 7.05 Time of the Essence

Time shall be of the essence of this Agreement.

Section 7.06 Tender

Any tender of documents or money made pursuant to this Agreement may be made upon the Vendor or the Purchaser or their respective solicitors at the Time of Closing. Money may be tendered by bank draft or certified cheque drawn on a Canadian chartered bank, and made payable to the Vendor.

Section 7.07 Currency

All references in this Agreement to monetary amounts, unless indicated to the contrary, are to Canadian currency.

Section 7.08 Notices

Any notice, demand or other communication required or permitted to be given to any party hereunder shall be given in writing and addressed as follows:

(a) to the Vendor at:

Shiner Kideckel Zweig Inc.
10 West Pearce Street, Suite 4
Richmond Hill, ON
L4B 1B6
Attention: Alan Shiner
Facsimile No.: (905) 709-9952

with a copy to:

Chaiton & Chaiton LLP
185 Sheppard Avenue West
Toronto, ON
M2N 1M9
Attention: Harvey Chaiton
Facsimile No.: (416) 218-1849

(b) to the Purchaser at:

250 Ferrand Drive
Suite 1007
Toronto, ON
M3C 3G8
Attention: Mitchell Wine
Facsimile No.: (416) 445-0706

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with a copy to:

Minden Gross Grafstein &.Greenstein LLP
 111 Richmond Street West
 Suite 600
 Toronto, ON
 M5H 2H5
Attention: Jules N. Berman
 Facsimile No.: (416) 864-9223

Any such notice shall be deemed to be sufficiently given if personally delivered or sent by facsimile transmission, and in each case shall be deemed to have been received by the other party on the same day on which it was delivered or sent by facsimile transmission, if transmittal thereof is given during the normal business hours of the recipient (9am to 5pm, Monday to Friday) and on the business day during which such business hours next occur if not given on such hours on such days.

Section 7.09 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to its subject matter, and supersedes any and all prior negotiations, understandings and agreements between the parties. This Agreement may not be amended or modified in any respect except by written instrument signed by the party intended to be bound thereby.

Section 7.10 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario, and the laws of Canada applicable therein.

Section 7.11 Singular, Plural and Gender

Words importing the singular include the plural and vice versa, and words importing gender include the masculine, feminine and neuter genders. The term "person", as used herein, shall have the meaning ascribed to it pursuant to the *Business Corporations Act* (Ontario).

Section 7.12 Headings

The headings contained in this Agreement are for convenience of reference only, and shall not affect the meaning or interpretation hereof.

Section 7.13 Benefit of Assignment

This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the parties hereto.

CAW

Section 7.14 Assignment


This Agreement may not be assigned by the Purchaser without the prior written consent of the Vendor, which consent may be arbitrarily withheld.

Section 7.15 Counterparts

This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document and all counterparts and adopting instruments will be construed together and will constitute one and the same agreement.

Executed at Toronto this 13th day of February, 2003.

SHINER KIDECHEL ZWEIG INC., in its capacity as Court appointed Interim Receiver of the property, assets and undertaking of Atelier America Inc.

Per: 
 Name: A. Shiner
 Title: President

2022173 ONTARIO INC.

Per: 
 Name: Grant Weltman
 Title: CFO

#700287

SCHEDULE "A"
LIST OF ASSETS

All the properties, assets and undertaking of Atelier which are directly or indirectly owned and or used in arising from or in any manner forming part of the business formerly carried on by Atelier including, but without limitation the following:

- all interests and rights that Atelier has or may have with respect to the licences and patents including the patents and other intellectual property purchased from Hallmark Cards Incorporated or to which it is entitled pursuant to an agreement dated January 1, 1999;
- all rights and interests of Atelier to, and in all pending and or executory contracts, agreements, leases (excluding the lease for premises situate at 380 Markland Street, Markham, Ontario) licences and arrangements that are specified by the Purchaser in writing that relate to the business of Atelier. For greater certainty, this will only include and refer to those rights, interests and agreements that are specified by the Purchaser on or before Closing and no other;
- those licences for reproductions of works of art specified by the Purchaser on or before Closing;
- those equipment leases specified by the Purchaser on or before Closing that relate to any personal property leases entered into by Atelier;
- all receivables, monies owing, credits, debts and loans receivable, including monies owing by any shareholder, director, officer or employee of Atelier accounts receivable, rebates including any monies payable by any credit and debit card issuers, bills receivable, trade accounts, book debts and insurance claims, that may be owing or payable to Atelier, the Vendor and Century Services Inc. together with any unpaid interest accrued on such items and any security, rights or collateral for such items including recoverable deposits;
- all choses in action, rights, claims, demands and causes of action that Atelier and or the Vendor may have against any person, firm or corporation (excluding Century Services Inc. and PLM Group Limited) including Penreal Property Fund 111 Ltd.;
- all monies and Cash on Hand;
- all books, records, files and papers related to the operations of Atelier and its assets and property to the extent assignable and in the Vendor's possession including but not limited to computer programs (including source code), software programs, manuals, catalogues, data, sales and advertising material, sales and purchase correspondence, trade association files, list of present and former customers and suppliers, personnel, employment and other records;
- all goods, chattels, equipment, furnishings, fixtures, office furniture and fixtures, antique furniture, production equipment, molds and dyes,

computer hardware and software, and leasehold improvements and other tangible and intangible personal property of every nature and kind owned by Atelier used in connection with the operations of the business by Atelier;

- all inventories of stock in trade and merchandise including raw materials, work in process, finished goods returns, consignment goods, office and gallery displays, frames and all supplies, including those in possession of suppliers, customers and other third parties;
- furnitures, fixtures and equipment;
- warehouse equipment;
- intellectual property including all licences, patents, trade marks and agreements (specified by the Purchaser on or prior to Closing);
- all goodwill associated with the business carried on by Atelier including all right, title and interest to all customers lists and files, all internet domain names, all websites, all manufacturers sales and service authorizations, the business logo of Atelier, all telephone and fax numbers (to the extent assignable), all trade marks and trade applications, trade names, certification marks, copyrights know how, intellectual property and other similar property and all registrations and applications for registration thereof, except where same are claimed by other persons.

#700287

SCHEDULE "B"
ALLOCATION OF PURCHASE PRICE

To be determined by Purchaser on or before Closing

#700287

YAL
\$

Court File No. 03-CL-4851

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.
JUSTICE FARLEY

)
)
)

WEDNESDAY, THE 19TH
DAY OF FEBRUARY, 2003.

BETWEEN:

CENTURY SERVICES INC.

Applicant

- and -

ATELIER AMERICA INC.

Respondent

ORDER

THIS MOTION, made by Shiner Kideckel Zweig Inc. (the "Interim Receiver"), in its capacity as court-appointed interim receiver of Atelier America Inc. (the "Company"), for an order approving the Asset Purchase Agreement between the Interim Receiver and 2022173 Ontario Inc. dated February 11, 2003 (the "Purchase Agreement") and for certain ancillary relief thereto, was heard this day at 393 University Avenue, in Toronto, Ontario.

ON READING the motion materials, and on hearing the submissions of counsel for the Interim Receiver and PLM Group Limited,

Doc #246496.2

1. **THIS COURT ORDERS** that this motion was properly returnable on the date heard and that service of the motion materials on any party other than the parties served is hereby dispensed with.

2. **THIS COURT ORDERS** that the Purchase Agreement is hereby approved.

3. **THIS COURT ORDERS** that the Interim Receiver is hereby authorized and directed to proceed to close the transaction under the Purchase Agreement and to do all things and execute all documentation necessary or incidental thereto.

4. **THIS COURT ORDERS AND DECLARES** that no artist or artist's agent shall have any claim against the Interim Receiver for copyright infringement, payment of royalties or otherwise whatsoever in connection with the sale of the inventory to 2022173 Ontario Inc. pursuant to the Purchase Agreement.

5. **THIS COURT ORDERS** that effective immediately upon the filing with this Court of a Certificate by the Interim Receiver, substantially in the form attached hereto as Schedule "A" confirming payment of the amount of the purchase price due on closing and that all terms and conditions under the Purchase Agreement have either been satisfied or waived (the "Certificate"), all of the right, title and interest of the Company in and to the Assets (as defined in the Purchase Agreement) shall vest in and to 2022173 Ontario Inc., absolutely and forever, free and clear of and from any and all rights, title, interests, security interests,

-3-

estates, trusts or deemed trusts (whether contractual, statutory or otherwise), liens (whether contractual, statutory or otherwise), claims, charges, encumbrances or any other rights, claims, disputes and debts of all persons or entities of any kind whatsoever, whether secured creditors, unsecured creditors, contingent creditors or otherwise (collectively referred to as the "Encumbrances"), save and except for the security interests in favour of Hallmark Canada Inc. (or its assignee), 1450714 Ontario Inc. and Newcourt Financial Limited with respect to its equipment leases.

6. **THIS COURT ORDERS** that the proceeds of sale shall stand in the place and stead of the Assets, without prejudice to any claim being advanced against such proceeds as could have been advanced against the Assets, and that any such claim shall attach to the proceeds of sale with the same priority as such claims had with respect to the Assets, or any of them, immediately prior to the completion of the sale, save and except for the claims referred to in paragraph 5 above, which shall continue solely against the Assets.

7. **THIS COURT ORDERS** that the Interim Receiver be and is hereby authorized to distribute to Century Services Inc. and PLM Group Limited (subject to the Interim Receiver obtaining an opinion as to the validity and enforceability of the security held by PLM Group Limited), as soon as reasonably possible, the proceeds of sale of the Assets, less a holdback to cover the existing and future anticipated fees and expenses of the Interim Receiver, including legal fees and disbursements, other expenses of the interim receivership and potential claims against the Interim Receiver or the proceeds of sale of the Assets, up to the amount of the indebtedness owing by the Company to Century Services Inc. and PLM Group Limited as set out in Section 2.01 of the Purchase Agreement, namely:

- (a) \$540,050.80 (being the amount owing by Atelier to Century Services Inc. for principal and interest at February 7, 2003) less the net amount of accounts receivable of Atelier collected by Century Services Inc. prior to the Closing plus:
 - (i) the legal fees and disbursements of its solicitors as at January 31, 2003 in the amount of \$31,826.74 plus;
- (b) \$795,000.00 (which is understood to be the amount owing by Atelier to PLM Group Limited for which it has security) plus:
 - (i) \$60,000.00 on account of legal and accounting expenses incurred by PLM Group Limited in connection with the enforcement of its security, plus;
- (c) the reasonable fees, disbursements and expenses of the Interim Receiver for services rendered to and including the Closing and the proceedings to be undertaken by it in connection with its application for its discharge, plus the reasonable fees, disbursements and expenses of legal counsel retained by the Interim Receiver in connection with the foregoing.

8. **THIS COURT ORDERS AND DECLARES** that this Order and the vesting of the Assets in 2022173 Ontario Inc. shall be valid, effective and binding upon any trustee in bankruptcy or liquidator of the Company.

9. **THIS COURT ORDERS** that upon written confirmation by Penreal Property Fund III Ltd. ("Penreal"), that the proceeds of the letter of credit referred to in page 9 of the Interim Receiver's First Report have not been applied to rent owing for February 2003 pursuant to the lease between Penreal and the Company with respect to 308 Markland Street, Markham (the "Lease"), the Interim Receiver shall forthwith pay to Penreal all amounts owing under the Lease for the month of February 2003.

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10. **THIS COURT ORDERS** that the fees and disbursements of the Interim Receiver for the period January 23, 2003 to February 7, 2003 in the amount of \$97,759.20 be and is hereby approved.

[Handwritten Signature]

Registries

ENTERED AT/INSCRIBED
ON/BOOK NO:
LE/DANS LE FEUILLE

FEB 20 2003

PER/PAR: *[Handwritten Signature]*

SCHEDULE "A"

Court File No. 03-CL-4851

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

CENTURY SERVICES INC.**Applicant****- and -****ATELIER AMERICA INC.****Respondent****RECEIVER'S CERTIFICATE**

Shiner Kideckel Zweig Inc. (the "Interim Receiver"), in its capacity as court-appointed interim receiver of Atelier America Inc. hereby certifies that it has received payment of the amount of the purchase price due on closing and that all terms and conditions under the Asset Purchase Agreement between the Interim Receiver and 2022173 Ontario Inc. dated February 11, 2003, have either been satisfied or waived.

Dated this day of February, 2003.

Shiner Kideckel Zweig Inc., in its
capacity as court-appointed interim
receiver of Atelier America Inc.

Per: _____
Name:

and

Century Services Inc.
Applicant

Atelier America Inc.
Respondent
Court File No. 03-CL-4851

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

Proceeding commenced at TORONTO

ORDER

Amended 1990

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Toronto, Ontario
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Solicitors for Century Services Inc.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)
JUSTICE ~~GATS~~ LEIDERMAN) THURSDAY, THE 23RD
DAY OF JANUARY, 2003

BETWEEN:

CENTURY SERVICES INC.

Applicant

- and -

ATELIER AMERICA INC.

Respondent

INTERIM RECEIVERSHIP ORDER

THIS APPLICATION, made this day by Century Services Inc. ("Century") for an Order pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, as amended (the "BIA"), appointing Shiner Kideckel Zweig Inc. as interim receiver, without security, of the property, assets and undertaking of Atelier America Inc. (hereinafter referred to as the "Company") was heard this day at 393 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Tammy Kemp sworn January 22, 2003 and on hearing the submissions of counsel for Century and PLM Group Inc.:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record herein be and it, is hereby abridged, and that the Application is properly returnable today and that further service hereof be and is hereby dispensed with.

APPOINTMENT

2. THIS COURT ORDERS that Shiner Kideckel Zweig Inc. is hereby appointed interim receiver, without security, of the Company (the "Interim Receiver") and all of its present and future undertaking, property and assets of any nature (hereinafter collectively referred to as the "Assets") with power to receive, preserve, protect and realize on the Assets or any part or parts thereof.

POWERS

3. THIS COURT ORDERS that the Interim Receiver is hereby authorized and empowered, but not obligated, if in its opinion it is necessary or desirable for the purposes of receiving, preserving, protecting, realizing on the Assets or any part or parts thereof, to do any or all of the following:
- (a) take immediate possession of the Assets;
 - (b) take such steps as, in the opinion of the Interim Receiver, are necessary or appropriate to receive, preserve, protect and maintain control of the Assets or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Assets to safeguard them, the taking of physical inventories and the placement of such insurance coverages as may be necessary or desirable;
 - (c) take such steps as, in the opinion of the Interim Receiver, are necessary or appropriate to maintain control over all receipts and disbursements arising out of or from the Assets, including, without limiting the generality of the foregoing, taking such steps as are necessary or desirable to control access to and use of all bank accounts of the Company, approve all cheques or other instruments drawn on such accounts, and permit payment of only those expenses which, in the opinion of the Interim Receiver, are necessary for the continued operation of the business of the Company;
 - (d) take such steps as, in the opinion of the Interim Receiver, are necessary or appropriate to verify the existence and location of all of the Assets, the terms

of all agreements or other arrangements relating thereto, whether written or oral, the existence or assertion of any lien, charge, encumbrance or security interest thereon, and any other matters which in the opinion of the Interim Receiver may affect the extent, value, existence and preservation of the Assets;

- (e) to carry on the business of the Company if, in the opinion of the Interim Receiver, it is necessary or desirable to do so, and in furtherance thereof, to enter into any agreements, incur any obligations in the ordinary course of business, pay any creditors of the Company, including without limitation any employees or employee-related costs, if such payment is, in the discretion of the Interim Receiver, necessary or desirable for the efficient operation of the business or the protection, preservation, maintenance or realization of the Assets, or take any other steps incidental to these powers if, in the opinion of the Interim Receiver, it is necessary or desirable to do so;
- (f) to pay ongoing costs or expenses incurred on and after the date of this Order which arise out of or in connection with the day to day operations of the Assets and the business carried on by the Company, including, without limitation, salaries, rent, utilities, heating, maintenance, insurance, supplies and similar expenses;
- (g) to sell inventory comprising the Assets in the ordinary course of business without the approval of this Honourable Court;
- (h) to purchase or lease such inventories, supplies or other assets as may be necessary or desirable, in the opinion of the Interim Receiver, to continue the business of the Company or any part or parts thereof and/or to receive, preserve, protect or realize upon the Assets;
- (i) to receive and collect all monies and accounts now owed or hereafter owing to the Company in respect of the Assets, and to exercise all remedies of the Company in collecting all such monies, including, without limitation, to exercise any security held by the Company;

- (j) to join in and execute, assign, issue and endorse such transfers, conveyances, contracts, leases, deeds, bills of sale, cheques, bills of lading or exchange, or other documents of whatever nature in respect of any of the Assets, in the name and on behalf of the Company, which are necessary, desirable or convenient, in the opinion of the Interim Receiver, for any purpose pursuant to this Order;
- (k) subject to paragraph 12 below, to employ employees, former employees of the Company or employees of any creditor on a temporary basis if, in the opinion of the Interim Receiver, it is necessary or desirable to do so;
- (l) to take any and all steps necessary at law, or otherwise desirable in the opinion of the Interim Receiver, to preserve all patents, trademarks, technology, "know how" or other intellectual property comprising Assets of the Company in Canada and elsewhere;
- (m) to undertake regulatory, environmental or workers health and safety assessments of the Assets and operations of the Company to the extent deemed necessary by the Interim Receiver;
- (n) to exercise all rights of a shareholder in respect of any corporate authority and to vote or otherwise deal with all securities, warrants or other interests, any options or other rights to acquire any such securities held by the Company, or for its benefit;
- (o) to bring or defend any action or other legal proceedings, take any steps, enter into any agreements or incur any obligations necessary or incidental to the exercise of the aforesaid powers and performance of its duties hereunder, as are necessary or appropriate in the opinion of the Interim Receiver;
- (p) within ^{two} ~~three~~ weeks from the date of this Order, to solicit offers for any or all of the Assets, negotiate sales and, subject to the approval of the Court, enter into one or more agreements of purchase and sale with potential purchasers,

on such terms and conditions as the Interim Receiver in its discretion may determine, in respect of the Assets or any part or parts thereof;

(q) to report to, meet with and discuss with all or any of the secured creditors of the Company, and their advisors, as the Interim Receiver deems appropriate, on all matters relating to the Assets and the interim receivership on such terms as to confidentiality as the Interim Receiver deems appropriate;

(r) to apply for any vesting order or orders which may be necessary or desirable, in the opinion of the Interim Receiver, in order to convey the Assets or any part, or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Assets, and to settle any liens or encumbrances affecting the Assets;

(s) subject to the approval of the Court, to sell, transfer or assign, whether on credit, by private tender, public auction or otherwise, the Assets or any part or parts thereof, out of the ordinary course of business, on such notice as the Interim Receiver may deem necessary or desirable or, as this Court may otherwise order;

(t) to enter into arrangements with respect to or settle, extend or compromise any indebtedness of or owing to the Company; and

(u) to make an assignment in bankruptcy on behalf of the Company, and to act as trustee in bankruptcy of the Company.

4. **THIS COURT ORDERS** ~~that after three weeks from the date of this Order or earlier with the consent of PLM,~~ the Interim Receiver may, at any time, without further order of the Court, terminate the business of the Company and sell by ~~private~~ sealed tender process, public auction or otherwise ~~(with the approval of PLM)~~ the remaining Assets of the Company or any part or parts thereof. For this purpose, the Interim Receiver may engage on commercially competitive terms the services of Century or any other liquidator or auctioneer.

DELIVERY OF ASSETS AND INFORMATION

5. **THIS COURT ORDERS** that the Company and all of its respective present and former directors, officers, employees, agents and shareholders, any other persons acting on their instructions including, without limitation, the accountants and counsel of the Company, the Company's insurers, brokers and adjusters and all other persons having notice of this Order (all of whom are collectively referred to as the "Affected Persons") shall forthwith grant access to and, if necessary in the opinion of the Interim Receiver to carry out its powers pursuant to this Order, deliver possession of the Assets of every nature and kind whatsoever, wheresoever situate, to the Interim Receiver including, without limitation:

- (a) any and all of the books, securities, records, documents, accounts, deeds, papers, records, minute books, registers and any and all other information related in any way to the Assets;
- (b) any and all budgets, accounting records, computer records, computer programs, computer tapes, computer discs, leases and agreements related in any way to the Assets;
- (c) any and all information and documents relating to patents, trademarks, copyrights and other intellectual Assets or rights owned, licensed by or to or used by the Company in its business, whether registered in the name of the Company or otherwise;
- (d) any and all data storage media and programs containing any such information;
- (e) any other records of every kind and nature relating to the Assets or the business carried on by the Company (items a, b, c, d and e above being collectively referred to herein as the "Information"); and
- (f) all monies, cheques, postdated cheques and remittances of every kind and nature, whenever and howsoever arising in respect of the Assets and to provide or permit the Interim Receiver to make, retain and take away copies

thereof and allow the Interim Receiver immediate, continued and unrestricted access to the Assets,

and that they must grant to the Interim Receiver access to and use of accounting, computer, software and escrow facilities relating thereto promptly at the request of the Interim Receiver.

- 6. **THIS COURT ORDERS** that all Affected Persons are hereby restrained and enjoined from disturbing or interfering with the Assets and the Interim Receiver and with the exercise of the powers and authority of the Interim Receiver conferred hereunder.

- 7. **THIS COURT ORDERS** that if any of the Information is stored or otherwise contained on a computer or other electronic system of Information storage, and if the Interim Receiver has not otherwise been given timely access to the Information, the Company and all Affected Persons shall forthwith give unfettered access to the Interim Receiver for the purpose of allowing the Interim Receiver to obtain a full copy of the Information whether by way of printing the Information onto paper or making copies of computer discs or such other manner of retrieving and copying the Information as the Interim Receiver in its discretion deems expedient. For the purposes of this paragraph, the Company and all Persons shall provide the Interim Receiver with all such assistance in gaining access to the Information as the Interim Receiver may in its discretion require, including, without limiting the generality of the foregoing, providing the Interim Receiver with instructions on the use of any computer or other system and providing the Interim Receiver with any and all access or other codes as may be required to gain access to the Information.

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- 8. **THIS COURT ORDERS** that, without limiting the generality of any of the provisions hereof, no one claiming an interest in the Assets, or any part or parts thereof shall be at liberty to exercise any rights in respect of such interest, including without limitation, any right to possession of such Assets, or any part or parts thereof, except with the prior written consent of the Interim Receiver or with

leave of this Honourable Court being first had and obtained on at least 7 days' notice to the Interim Receiver.

9. **THIS COURT ORDERS** that no demands, legal actions, motions, steps, registrations, perfections, administrative proceedings, self-help remedies, or any other acts, proceedings or private remedies whatsoever in respect of the Assets or the business conducted by the Company or against the Company or the Interim Receiver, including, without limitation, the enforcement of security, liens, or collection of any debt or liability, the exercise of any landlord's right to distrain or terminate any lease, the acceleration, amendment, or termination of any contract, including any contract of insurance of the Company or in which the Company is a named or unnamed insured or from which the Company may derive a benefit, the exercise of any right of set-off or combination of accounts, the exercise of any construction, mechanics' repair, storage, or other lien, or the commencement or continuation of any proceedings under any environmental regulation or similar statute in any jurisdiction in which the Assets may be located, shall be taken or continued against the Company or the Interim Receiver, with respect to the Assets or any part thereof without the prior written consent of the Interim Receiver or leave of this Court first being obtained and upon application after 7 days' notice to the Interim Receiver, provided that any recognized public authority taking action solely to protect imminent and material danger to life, health, limb or property, whether pursuant to Environmental Laws (as hereinafter defined) or otherwise, shall not be so restrained.
10. **THIS COURT ORDERS** that, without limiting the generality of any of the provisions hereof, all persons, including without limitation, all utilities, landlords, suppliers and equipment lessors be and they are hereby restrained and enjoined from varying, amending, terminating, canceling or breaching any agreements with the Company. In addition, all persons are enjoined from disturbing or interfering with utility services, including but not limited to the furnishing of fuel, gas, oil, heat, electricity, garbage collection (including hazardous waste), water, cable television, computers, telephones, telecopiers (at former and present telephone numbers), or any other utilities of like kind, furnished up to the present date to the Company in respect of any of the Assets. All persons are hereby

restrained and enjoined from terminating, determining or canceling any agreements with, or cutting off, discontinuing or altering any such utilities or services to the Company or the Interim Receiver, subject to the obligation of the Company or the Interim Receiver, as the case may be, to pay for such utilities or services provided to the Company or the Interim Receiver, as the case may be, subsequent to the occupation, by the Interim Receiver, of the premises to which the utilities or services are supplied, except with the prior written consent of the Interim Receiver or upon further order of the Court on at least 7 days' notice to the Interim Receiver.

11. **THIS COURT ORDERS** that all persons shall continue to perform and observe all terms, conditions and provisions contained in any agreement with the Company in respect of any of the Assets, subject to the obligation of the Interim Receiver to pay for goods and services requested by the Interim Receiver to be supplied to the Interim Receiver, for the period commencing with the date of this Order, and all persons are restrained from disturbing or otherwise interfering with the possession, use or occupation, as the case may be, by the Interim Receiver of any Assets owned or leased by the Company, subject to the obligation of the Interim Receiver to pay rent or occupation rent, as the case may be, for the period commencing with the date of actual occupation, use or possession, as the case may be, of such Assets by the Interim Receiver, but not arrears, at the rate presently payable by the Company.

EMPLOYEES

12. **THIS COURT ORDERS AND DECLARES** that the employment of all employees of the Company who were employed by the Company at the date hereof are hereby terminated, and that nothing herein shall cause the Interim Receiver to be deemed or considered to be a successor employer, sponsor or payor with respect to the Company or any such employees under the *Canada Labour Code*, the *Labour Relations Act (Ontario)*, the *Employment Standards Act (Ontario)*, the *Pension Benefits Act (Ontario)*, or under any other provincial or federal legislation, regulation or rule of law or equity applicable to employees or pensions (collectively "Labour Laws"), or any collective agreement, other contract or otherwise, notwithstanding that the Interim Receiver may employ some or all of

such employees in connection with the operation of the Company's business in whole or in part while efforts are made to sell the same.

ENVIRONMENTAL LAWS

13. **THIS COURT ORDERS** that nothing herein contained shall vest in the Interim Receiver the care, ownership, control, charge, occupation, possession or management (separately and/or collectively, "Possession"), or require or obligate the Interim Receiver to occupy, or to take control, care, charge, possession or manage any of the Assets which may be environmentally contaminated or a pollutant or a contaminant or cause or contribute to a spill, discharge, release or deposit of a substance contrary to any legislation enacted for the protection or preservation of the environment including, without limitation, the *Canadian Environmental Protection Act*, the *Transportation of Dangerous Goods Act*, the *Environmental Protection Act, (Ontario)*, the *Emergency Plans Act (1983) (Ontario)*, the *Ontario Water Resources Act*, the *Occupational Health and Safety Act (Ontario)*, or the regulations thereunder, or any federal or provincial legislation or rule of law or equity in any jurisdiction affecting the environment or the transportation of goods (collectively, "Environmental Laws" or "Environmental Liabilities"). The Interim Receiver shall not be deemed as a result of this Order to be in Possession of any of the Assets within the meaning of any Environmental Laws.

14. **THIS COURT ORDERS** that the Interim Receiver shall incur no liability or obligation as a result of its appointment or the fulfillment of its duties in carrying out the provisions of this Order, save and except that it shall be liable for gross negligence or willful misconduct on its part.

INTERIM RECEIVER'S BORROWINGS AND FEES

15. **THIS COURT ORDERS** that the Interim Receiver shall be at liberty to appoint, employ or retain consultants, agents, experts, auditors, accountants, managers, liquidators, including Century, solicitors and counsel, including legal counsel and such other assistants from time to time as it may consider necessary or desirable for the purpose of receiving, managing, operating, preserving, protecting or

realizing on the Assets, carrying on the business of the Company, or generally exercising the powers and duties conferred by this Order. Any expenditure which shall properly be made or incurred by the Interim Receiver in so doing, including the fees of the Interim Receiver and the fees and disbursements of its legal counsel on a solicitor and his own client basis, shall be allowed to it in passing its accounts and shall form a first charge on the Assets in priority to any charge, mortgage, lien, security interest or encumbrance on or in the Assets (the "Interim Receiver Charge").

16. **THIS COURT ORDERS** that the Interim Receiver be at liberty and it is hereby empowered to borrow, by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$200,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of exercising the powers and duties conferred by this Order, including interim expenditures. The whole of the Assets shall be charged by way of a fixed and specific 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, but subject to the Interim Receiver Charge.
17. **THIS COURT ORDERS** that, prior to the passing of accounts, the Interim Receiver shall be at liberty from time to time to apply a reasonable amount of the monies in its hands against its fees and disbursements, including reasonable legal fees and disbursements, incurred at the standard rates and charges for such services, rendered either monthly or at such longer or shorter intervals as the Interim Receiver deems appropriate, and such amounts shall constitute advances against its remuneration when fixed from time to time.
18. **THIS COURT ORDERS** that any security granted by the Interim Receiver in connection with its borrowings under this Order shall not be enforced without leave of this Court.

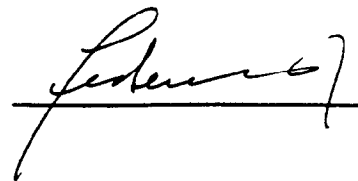
19. **THIS COURT ORDERS** that the Interim Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Interim Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
20. **THIS COURT ORDERS** that the monies from time to time borrowed by the Interim Receiver pursuant to this Order or any further order of this Court and any and all Interim Receiver's Certificates evidencing the same or any part thereof shall rank equally with each other.

OTHER PROVISIONS

21. **THIS COURT ORDERS** that the Interim Receiver is hereby authorized and empowered, for the purpose of exercising its powers and duties under this Order, to apply for any permits, licences, approvals or permissions as may be required by any governmental or regulatory authority, and to participate in any administrative hearings or arbitrations with respect thereto.
22. **THIS COURT ORDERS** that the Interim Receiver be at liberty and is hereby authorized and empowered from time to time to apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
23. **THIS COURT ORDERS** that any interested person may apply to this Court to vary or rescind this Order or seek other relief upon notice to the Interim Receiver and any party or other person likely to be affected by the Order sought.
24. **THIS COURT ORDERS** that, without limiting the generality of any of the provisions hereof, the Interim Receiver be at liberty and is hereby authorized and empowered to apply, upon such notice as it may consider necessary, for an order recognizing the appointment of the Interim Receiver by this Court and confirming the powers of the Interim Receiver in such other jurisdiction or jurisdictions, or to take such steps, actions or proceedings as may be necessary or desirable for the receipt, preservation, protection and realization of the Assets, and all Courts of all other jurisdictions are hereby respectfully requested to make such orders and provide such other aid and assistance to the Interim Receiver,


as an officer of this Court, as they may deem necessary or appropriate in furtherance of this Order.

25. **THIS COURT ORDERS** that Century shall have its costs of this application up to and including entry and service of this Order, on a solicitor and his own client basis, paid by the Interim Receiver as a disbursement of the receivership.



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

JAN 23 2003

PER/PAR 

SCHEDULE "A"**RECEIVER CERTIFICATE****AMOUNT \$***

1. THIS IS TO CERTIFY that Shiner Kideckel Zweig Inc., the interim receiver (the "Interim Receiver") of all of the assets, property and undertaking of Atelier America Inc. (the "Company") appointed by Order of the Superior Court of Justice (the "Court") dated the 23rd day of January, 2003 (the "Order") made in an application (the "Application") having court file number *, has received as such interim receiver from the holder of this certificate the principal sum of \$*, being part of the total principal sum of \$* which the Interim Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum of \$* evidenced by this certificate is payable on demand with interest thereon calculated and payable monthly not in advance on the * day of each month after the date hereof at the rate per annum equal to the rate of * percent 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 Interim Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the assets, property and undertaking of the Company described in the Order in priority to the security interests of the Applicant in the Application, but subject to the charges granted in favour of the Interim Receiver and the right of the Interim Receiver to indemnify itself out of such assets, property and undertaking in respect of its remuneration, expenses and legal costs properly incurred.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Interim Receiver at Richmond Hill, Ontario.

5. If default is made in payment of interest on this certificate and such default continues for a period of 10 days, the principal amount evidenced by this certificate shall be immediately due and payable to the holder hereof.
6. 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 Interim Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
7. The charge shall operate so as to permit the Interim Receiver to deal with the undertaking, property and assets of the Company described in the Order as authorized by the Order and as authorized by any further or other order of the Court.
8. The Interim Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

Century Services Inc.
Applicant

and

Atelier America Inc.
Respondent
Court File No.

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

Proceeding commenced at TORONTO

ORDER

Amended 1990

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Solicitors for Century Services Inc.

TRADEMARK

RECORDED: 03/10/2004

REEL: 002925 FRAME: 0253