

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

**BETWEEN:**

**ECOHOME FINANCIAL INC.**

Applicant

- and –

**ECO ENERGY HOME SERVICES INC.**

Respondent

**THIRD REPORT OF THE RECEIVER**

**April 25, 2019**

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## I. INTRODUCTION

1. Pursuant to an application (the “**Application**”) made by EcoHome Financial Inc. (“**EcoHome**”), by Order of the Ontario Superior Court of Justice (the “**Court**”) dated April 3, 2019 (the “**Appointment Order**”), RSM Canada Limited (“**RSM**”) was appointed as receiver and manager (the “**Receiver**”), without security, of all assets, undertakings and properties of Eco Energy Home Services Inc. (“**Eco Energy**” or the “**Debtor**”) acquired for, or used in relation to a business carried on by Eco Energy, including all proceeds thereof (the “**Property**”). A copy of the Appointment Order is attached hereto as Appendix “**A**”.
2. As detailed below, and in the reports filed to date by the Receiver in these proceedings, the Receiver has experienced significant difficulty obtaining the information and cooperation from the Debtor that is necessary to enable the Receiver to carry out its duties pursuant to the Appointment Order.
3. On April 4, 2018 (i.e. the day following the appointment of the Receiver), the Receiver filed its first report dated April 3, 2019 with the Court (the “**First Report**”). The First Report sets out a number of issues experienced by the Receiver upon taking possession of the Debtor’s head office, located at 3761 Victoria Park Avenue in Toronto, Ontario (the “**Head Office**”), including:
  - (i) in or about February 2019, the Debtor assigned its interest in its Head Office tenancy to D&G Enterprise Inc. (“**D&G**”), a related party. D&G subsequently sub-leased the Head Office to several related parties. Upon the Receiver’s attendance at the Head

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Office, the Receiver was advised by management (“**Management**”) that it could not change the locks and alarm codes as there were several businesses working from the Head Office; and

- (ii) the Receiver was denied access by Management to the Debtor’s books and records as Management advised that the books and records of the related parties were co-mingled with those of the Debtor and the Receiver had no right to the related parties’ books and records.

A copy of the Receiver’s First Report, without appendices, is attached hereto as Appendix “**B**”.

- 4. At the Court hearing held on April 4, 2019, the Court issued an order (the “**Access Order**”) providing the Receiver with the authority to, among other things:

- (i) have full and unfettered access to and take possession and control of the Head Office;
- (ii) change the locks and security and alarm codes at the Head Office;
- (iii) restrict access to the Head Office by any person and permit access to the Head Offices premises at such times and for such purposes as the Receiver permitted or the Court ordered; and
- (iv) have full and unfettered access to the operating, accounting and other systems of the Debtor and its affiliates.



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A copy of the Access Order is attached hereto as Appendix “C”.

5. On April 8, 2019 (i.e. five days following the appointment of the Receiver), the Receiver filed its second report with the Court (the “**Second Report**”). The Second Report set out the Receiver’s activities since the issuance of the Access Order, and outlined a number of actions taken by the Debtor and its principals, employees and agents that limited the Receiver’s ability to obtain information and records in respect of the Debtor, realize on the assets of the Debtor, and administer the receivership. The issues identified by the Receiver in the Second Report included the following:
- (i) information provided to the Receiver was either limited in scope, outdated or intentionally misleading;
  - (ii) the password provided to the Receiver to provide the Receiver with access to the Global Eco CRM on April 4, 2019 no longer worked and had been changed;
  - (iii) personal computers were not at the workstations of key employees;
  - (iv) almost all of the data on computers which remained on site at the Head Office after the Receiver’s appointment had been erased, either partially or completely, prior to the Receiver’s attendance at the Head Office. E-mail profiles and web histories had been erased from personal computers and in some cases, there was no evidence that the computers had been used prior to February 5, 2019;

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- (v) the Debtor effected the transfer of data from the Eco Energy CRM system to the CRM system of 2360777 Ontario Inc., operating as Global Eco Energy Group (“**Global Eco**”), and employees of the Debtor had been instructed to use the Global Eco CRM system to record all ‘deals’ going forward;
  - (vi) the Debtor had submitted a request to Equifax on March 27, 2019, to have the authorization on the Debtor’s accounts changed to Greensaving Group Inc. (“**Greensaving**”);
  - (vii) certain transactions, payments and other steps taken by the Debtor in advance of the receivership to transfer value from the Debtor’s estate; and
  - (viii) evidence of a potential transaction undertaken in advance of the receivership with Crown Crest Capital Trust (“**Crown Crest**”), an affiliate of Simply Group, involving certain assets of the Debtor.

A copy of the Receiver’s Second Report, without appendices, is attached hereto as Appendix “**D**”.

6. On April 9, 2019, the Court issued the Access and Preservation Order on an *ex parte* motion brought by the Receiver. The Access and Preservation Order provides, *inter alia*, that:

- (i) the Receiver shall have access to the premises of Global Eco, Greensaving, D&G Enterprises Inc. (“**D&G**”), Can-Service Inc. (“**Can-Service**”) and 2586322 Ontario Inc. o/a Air Quality Dunrite

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- (“**AQD**”) (collectively, the “**Debtor Affiliates**”) to permit the Receiver to obtain records pursuant to paragraphs 5 and 6 of the Appointment Order;
- (ii) no person shall alter, erase, transfer, interfere with or remove any data, information or digital or electronic records from the Computer Systems or the Affiliated Premises (both terms as defined in the Access and Preservation Order);
- (iii) the Debtor Affiliates shall not transfer or convey any property of the Debtor;
- (iv) pursuant to paragraph 14 and 15 of the Access and Preservation Order (the “**Freezing Provisions**”), during a “Restricted Period” that has been extended to April 30, 2019: (A) the Debtor Affiliates are restrained from dissipating, transferring, encumbering or similarly dealing with any of their assets, and (B) any bank or financial institution having notice of the Order is required to freeze the bank accounts of the Debtor Affiliates; and
- (v) notwithstanding the Freezing Provisions, the Debtor Affiliates shall be permitted to make regularly scheduled payroll payments and such other payments as the Receiver may permit or may be ordered by the Court.

A copy of the Access and Preservation Order is attached hereto as Appendix “**E**”.

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7. At a comeback hearing in respect of the Access and Preservation Order held on April 10, 2019, the Court issued an endorsement on consent of the Receiver, the Debtor and the Debtor Affiliates (the “**April 10 Endorsement**”) pursuant to which, *inter alia*:
- (i) the Restricted Period was extended to April 30, 2019;
  - (ii) the Debtor and Debtor Affiliates agreed to provide the information requested by the Receiver in the Priority Request List dated April 9, 2019 (the “**Priority Request List**”) by no later than April 11, 2019; and
  - (iii) the Debtor Affiliates were authorized to request that the Receiver authorize payments from their accounts as contemplated pursuant to paragraph 17 of the Access and Preservation Order, provided that the Receiver shall have no obligation to consider or approve a payment request until it receives the information requested in the Priority Request List.
8. A copy of the April 10 Endorsement is attached hereto as Appendix “**F**”.

## **II. PURPOSE OF THE THIRD REPORT**

9. The purpose of this Report (the “**Third Report**”) is to
- a) report to the Court on:
    - (i) the activities of the Receiver since the issuance of the Second Report;
    - (ii) the Receiver’s review of the Debtor Affiliates’ accounts;

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- (iii) the continuing failure of the Debtor and the Debtor Affiliates to provide information to the Receiver as required pursuant to the Appointment Order and the April 10 Endorsement;
  - (iv) payments, transactions and other actions made or taken by the Debtor prior to the issuance of the Appointment Order that have resulted in a significant diminution of the value of the Debtor's estate to the prejudice of the Debtor's creditors, including EcoHome;
  - (v) the bankruptcy of Eco Energy; and
  - (vi) the findings of the Receiver as they relate to the conduct of the Debtor's directors, officers and employees;
- b) request that the Court grant an Order (the "**Extension Order No. 2**"):
- (i) extending the Restricted Period (as defined in and used throughout the Access and Preservation Order) to June 15, 2019; and
  - (ii) releasing Can-Service Inc. and AQD from the Freezing Provisions in the Access and Preservation Order; and
- c) request that the Court grant an Order (the "**Standstill Approval Order**") approving an agreement between the Receiver, Global Eco and Crown Crest (the "**Extension and Standstill Agreement**") that provides for a standstill period in respect of a transaction entered into between Crown Crest and Global Eco pursuant to a master assignment and purchase agreement dated March 11, 2019 (the

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**“Crown Crest Transaction”**) and a reservation of all parties’ rights with respect to the Crown Crest Transaction pending the ongoing review and discussions of the parties with respect to the transaction.

### **Terms of Reference**

10. In preparing this report and making the comments herein, the Receiver has relied upon certain unaudited financial information and documentation obtained at the Debtor’s Head Office, and information and documentation received from third-party sources including the principal and other employees of the Debtor and Debtor Affiliates (collectively, the **“Information”**). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
11. Unless otherwise stated, all dollar amounts contained in this report are expressed in Canadian dollars.
12. Unless otherwise defined in this Third Report, defined terms have the meanings ascribed to them in the First Report and the Second Report.

### **III. ACTIVITIES OF THE RECEIVER**

13. The Receiver’s activities since the Second Report include the following:

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- i) providing notice of the receivership to known creditors and other stakeholders of the Debtor in accordance with the *Bankruptcy and Insolvency Act* (the “**BIA**”);
  - ii) responding to inquiries and communicating with stakeholders of the Debtor regarding the receivership and related matters;
  - iii) pursuant to the Appointment Order, consenting, on behalf of the Debtor, to the bankruptcy application in respect of the Debtor brought by EcoHome. A Bankruptcy Order was issued in respect of the Debtor on April 16, 2019, which appointed RSM as bankruptcy trustee of the Debtor (in such capacity, the “**Trustee**”). A copy of the Bankruptcy Order is attached hereto as Appendix “**G**”;
  - iv) reviewing employee claims and administering the WEPPA submission process;
  - v) overseeing a request for proposals with respect to the liquidation of the Debtor’s physical assets;
  - vi) working with banks in an attempt to facilitate payment requests from the Debtor Affiliates pursuant to the Access and Preservation Order;
  - vii) reviewing bank statements and other pertinent records of the Debtor and the Debtor Affiliates; and
  - viii) undertaking the investigation and review of the other matters set forth in this Third Report.

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#### **IV. RECEIVER'S INFORMATION REQUESTS**

14. As previously reported to this Honourable Court, since the date of the Appointment Order, the Receiver has issued a number of requests for specific information to the Debtor, the Debtor Affiliates, and employees, agents and third party contractors of the Debtor and the Debtor Affiliates. As of the date of this Third Report, the Receiver has still not been provided with the majority of information requested.

##### **Priority Request List**

15. On April 9, 2019, the Receiver provided the Debtor with the Priority Request List. The Receiver considers the information requested on the Priority Request List to be essential to enable the Receiver to gain insight into the Debtor's operations, service the Debtor's existing portfolio of contracts, review transactions undertaken by the Debtor on the eve of the receivership, and preserve and protect the value of the Debtor's estate for the benefit of its creditors. A copy of the Priority Request List is attached hereto as Appendix "H".

16. Pursuant to the April 10 Endorsement – which was issued on consent – the Debtor and the Debtor Affiliates agreed to provide the Receiver with the information requested on the Priority Request List by no later than April 11, 2019.

17. As of the date of this Third Report, critical information required by the Receiver pursuant to the Priority Request List has either not been provided



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or has not been addressed in a manner that is reasonably acceptable to the Receiver. The deficiencies include the following (items below are listed in the order set out on the Priority Request List):

- i) Proceeds from the Crown Crest Transaction – The Debtor has provided the Receiver with a summary of the disbursements made with the proceeds of the Crown Crest Transaction, a copy of which is attached hereto as Appendix “I”. The Debtor has been unable, as a result of the Freezing Provisions, to obtain access to the bank statements required by the Receiver to confirm and verify the transactions set out in the summary. The Receiver is currently working directly with the relevant banks to obtain the account statements.
- ii) Third-party verification (“TPV”) calls – TPV files are required by the Receiver in order to service and maintain the Debtor’s portfolio. Digital copies of certain TPV calls were provided by the Debtor. However, the Receiver has reviewed the TPV files provided and determined that a significant portion of the TPV files pertaining to Eco Energy’s portfolio are still outstanding. The Receiver has repeatedly advised the Debtor of this deficiency, and the Debtor has, to date, not provided this information to the Receiver.
- iii) Notices of Security Interest (“NOSI”) – NOSIs are required by the Receiver in order to verify the ownership of the equipment under contract from Eco Energy, and to enforce the Debtor’s security over this equipment. The

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Receiver met with the Debtor's NOSI administrator, Mr. Sandeep Singh, to review the Debtor's books and records relating to the NOSIs under the Debtor's administration. Upon his arrival at the Head Office, Mr. Singh advised the Receiver that all NOSI records for the Debtor and the Debtor Affiliates were housed on the local hard drive of his PC. The Receiver asked Mr. Singh to log in to his PC and access the NOSI documents. Mr. Singh informed the Receiver that his credentials had been changed and he would not be able to access the PC and provide the information to the Receiver as requested.

- iv) Warranties – The Receiver understands that equipment leased by Eco Energy is registered for third-party warranties once installed at the customer's property. In order to service the Debtor's portfolio, the Receiver requires a full listing of all Eco Energy equipment with an active warranty. To date, the Debtor has provided a document with minimal information on the contracts in the Debtor's portfolio. The Receiver notes that this document is missing certain critical information, including, for the majority of items listed, customer IDs, serial numbers, proof of active registration, name of warranty provider, registration number from warranty provider, and asset types.
- v) Access to servers – As set out in the Receiver's Second Report, the Receiver is aware of certain servers or drives that were used by the Debtor to store the documents used to operate the Eco Energy business. Despite repeated requests to the Debtor, employees of the Debtor and IT

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administrators contracted by the Debtor, the Receiver has not been provided with access to any of the servers or drives used by the Debtor.

vi) Access to data and back-ups – Aside from being provided with access to the Debtor Affiliates' online accounting records ("**Quickbooks**") on April 17, 2019 (i.e. a full two weeks following the Appointment Order), the Receiver has still not been provided with any information pertaining to the location, content, or other pertinent information pertaining to the Debtor's business. The Receiver notes that it took the Debtor approximately two weeks to provide the Receiver with access to any accounting records.

vii) Access to CRM systems – The CRM systems used by Eco Energy, Global Eco, and Greensaving contain detailed service history and other information relating to customers of these entities. The Receiver was provided with access to the three CRM systems, however, the underlying data that feeds into these CRM portals is required, in its raw form, by the Receiver in order to ensure that the data is secure, and that the Receiver has all of the information required to administer the portfolio, review potential transactions involving the Debtor's assets, and preserve the value of the Debtor's estate. The Debtor has provided the Receiver with a very limited extract of the requested data and has advised that the remainder of the data was not initially provided as it relates to entities other than Eco Energy.

viii) Bank statements – The Debtor has provided the Receiver with copies of bank statements for the Debtor and the Debtor Affiliates for the period of

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January, 2018 through February, 2019. The March, 2019 statements have not been provided by the Debtor, as the statements had not been issued prior to the Receiver freezing the respective bank accounts. The Receiver is working directly with the banking institutions used by the Debtor and the Debtor Affiliates to obtain access to the March 2019 bank statements.

18. The Receiver has also requested that the Debtor provide information with respect to the Debtor's remaining portfolio of self-billing contracts, including the number of such contracts and all supporting documentation. To date, the Debtor has failed to provide the Receiver with sufficient information to enable the Receiver to assess the extent of the Debtor's remaining self-billing portfolio and the potential value thereof.

19. In summary, the Receiver has been unable to obtain significant elements of the information requested on the Priority Request List and the Receiver is of the view that the Debtor and the Debtor Affiliates have not been sufficiently proactive and forthcoming in providing the information notwithstanding their agreement to do so in accordance with the April 10 Endorsement.

20. In contrast, the Receiver understands that the Debtor provided Crown Crest with information similar to that requested on the Priority Request List (i.e. NOSI reconciliations, warranty information, TPVs, etc.) for all 326 contracts that were the subject of the Crown Crest Transaction. Since the information requested by Crown Crest was provided by the Debtor and the Debtor Affiliates to Crown Crest on an expedited basis in advance of the receivership, the Receiver questions why the Debtor has to date failed to

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provide the Receiver with the same type of information as it pertains to the Debtor's portfolio of accounts.

21. The Receiver has also requested that the Debtor provide to the Receiver copies of all due diligence materials that were provided to Crown Crest approximately one month prior to the Receiver's appointment. As of the date of this Third Report, the Debtor has not provided the requested information.

## **V. DISSIPATION OF ASSETS AND EROSION OF VALUE**

22. As set out in the Receiver's Second Report, the Receiver had identified a number of transactions undertaken by the Debtor between January 22, 2019 (the date that EcoHome issued its Notice of Intention to Enforce its Security pursuant to the provisions of the BIA) and April 3, 2019 (the date of the Appointment Order) (the "**Review Period**") that appear to have been made to transfer value from the Debtor's estate to the Debtor Affiliates and third parties in advance of the Receiver's appointment.

### **Crown Crest Transaction**

23. As outlined in the Receiver's Second Report, the Receiver became aware, through email correspondence reviewed by the Receiver, that in February 2019 representatives of the Debtor and the Debtor Affiliates engaged in discussions with Simply Group, of which Crown Crest is an affiliate, regarding the potential purchase by Crown Crest of certain "self-billing" portfolio assets of Eco Energy and Global Eco.

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24. In response to inquiries by the Receiver, counsel to Crown Crest advised the Receiver on April 9, 2019 that Crown Crest had entered into a master assignment and program agreement with Global Eco dated March 11, 2019 (the “**Program Agreement**”) providing for the acquisition by Crown Crest of 326 lease contracts purportedly owned by Global Eco. Crown Crest and Global Eco executed certain ancillary agreements and documentation in connection with the Crown Crest Transaction, including a Transition Services Agreement that provides that Global Eco will continue to service the purchased contracts until such responsibilities are transitioned to Crown Crest on May 1, 2019.

25. The Receiver understands that the net purchase price under the Crown Crest Transaction was paid by Crown Crest to Global Eco on March 22, 2019. Once the proceeds were received by Global Eco, Global Eco transferred approximately \$936,000 to the Debtor, which the Debtor indicates was intended to reimburse the Debtor for the share of the proceeds allocable to the Debtor’s contracts included in the Crown Crest Transaction. The subsequent distribution of the \$936,000 by the Debtor is described later in this report.

26. Based on its review of information with respect to the Crown Crest Transaction, including supporting documentation in respect of the purchased contracts, the Receiver believes that the Crown Crest Transaction is a reviewable transaction that may have been undertaken in contravention of applicable law and in a manner that improperly removed value from the

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Debtor's estate on the eve of the receivership. In particular, the Receiver believes that the Debtor and other persons are the owners of, or have rights and interests in, certain of the purchased contracts purportedly sold by Global Eco to Crown Crest, and that the Crown Crest Transaction may have been completed at undervalue to the detriment of the value of the Debtor's estate.

27. The Receiver has been informed by Mr. David Ouyang that, on or about February 1, 2019, the Debtor began billing its customers through Global Eco. The Receiver has been advised by the Debtor that no formal assignment of the underlying contracts was made by the Debtor to Global Eco – Global Eco simply began dealing with the contracts as if they were the property of Global Eco and collecting payments from customers as if Global Eco was entitled to such payments. The Receiver has not been able to verify this assertion or determine whether billings were continued by the Debtor, Global Eco or another Debtor Affiliate. An initial review of the supporting documentation in respect of the contracts purchased by Crown Crest indicates that at least 249 (and potentially more) of the 326 contracts were owned by Eco Energy.

28. The Receiver engaged a third party with valuation experience relevant to the Debtor's industry to review and verify a valuation of the 326 contracts purportedly sold to Crown Crest to assess the adequacy of the consideration under the Crown Crest Transaction. Based on a preliminary valuation, which utilized third-party industry standard discount rates and other assumptions, it appears that the fair market value of the purchased contracts may be

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significantly greater than the consideration received by Global Eco under the transaction.

29. The Receiver has indicated its concerns with respect to the Crown Crest Transaction to counsel to Crown Crest and the parties have engaged in discussions. Crown Crest is also reviewing the transaction and has indicated that it is not in agreement with the positions asserted by the Receiver with respect to the transaction.

30. The Receiver is informed by EcoHome that 14 of the contracts that were purportedly sold to Crown Crest by Global Eco are, in fact, contracts that are owned by EcoHome or other entities to whom EcoHome has sold those contracts on a fully serviced basis. EcoHome is concerned that such contracts not be impaired or affected as a result of the Extension and Standstill Agreement. EcoHome has been in contact with counsel to the Receiver and Crown Crest to discuss the matter and to seek the urgent return of these contracts.

31. Under the Transition Services Agreement, Crown Crest was to take over all aspects of the servicing of the purchased contracts on May 1, 2019, including billing and receiving customer payments. In order to complete the transition, Crown Crest would need to contact the customers under the purchased contracts and establish revised billing and serving arrangements.

32. Given the uncertainty with respect to the Crown Crest Transaction and the Receiver's stated concerns with respect to the transaction, Crown Crest,



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Global Eco and the Receiver have negotiated a form of Extension and Standstill Agreement that will, among other things:

- i) extend the term of the Transition Services Agreement to June 28, 2019 or such other date as may be agreed to by Crown Crest, Global Eco and the Receiver or ordered by the Court;
- ii) provide that, during the extended transition period, Global Eco will continue to perform servicing, billing and other services in respect of the purchased contracts, but all requirements to transfer data, information or other materials relating to the purchased contracts or to take any actions to transfer or migrate the assigned contracts to Crown Crest will be suspended;
- iii) any and all proceeds received in connection with the purchased contracts during the extended transition period will be held in blocked accounts, and no funds shall be disbursed from the blocked accounts except pursuant to agreement between Crown Crest and the Receiver or order of the Court;
- iv) Crown Crest will continue to hold and will not disburse the holdback under the Transaction; and
- v) notwithstanding anything to the contrary in the transaction documents, any termination of the Transition Services Agreement, or any actions taken by the parties prior to the date of or pursuant to the Extension and Standstill Agreement, Crown Trust, Global Eco, the Receiver, the Trustee, Eco Energy and EcoHome reserve all of their rights, remedies and causes of

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action with respect to the Crown Crest Transaction, and all such rights, remedies and causes of action are expressly preserved.

33. A copy of the Extension and Standstill Agreement, in substantially final form, is attached hereto as Appendix “J”. The Receiver expects that the agreement will be finalized and executed prior to the return of the Receiver’s motion on April 29, 2019.

34. The Receiver believes that Court approval of the Extension and Standstill Agreement is appropriate in the circumstances as it will place the Crown Crest Transaction on hold pending the further review and discussion of the transaction by all parties and preserve the ability of the Receiver and Trustee to seek relief in respect of the Crown Crest Transaction as appropriate to protect the interests of the Debtor and the value of its estate.

### **Intercompany Accounts and Transactions**

#### Global Eco

35. The Receiver has identified a number of concerns with respect to the transfer of assets from the Debtor to Global Eco. These concerns are as follows:

- i) Mr. Ouyang has indicated to the Receiver that the entirety of the Debtor’s self-billing portfolio was ‘transferred’ to Global Eco on or about February 1, 2019. The Receiver notes that no formal assignment of these assets from Eco Energy to Global Eco was completed and the Receiver has not seen evidence of Global Eco making any payment to the Debtor at the time of

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the transfer in consideration for the transfer. Since the time of transfer, certain customer payments toward the contracts in the self-billing portfolio have been received in Global Eco bank accounts, though the Receiver has been unable to determine the extent of those payments. The Receiver is in the process of quantifying the amounts collected by Global Eco from February 1, 2019 through April 3, 2019 that relate to contracts owned by the Debtor;

- ii) As set out above, the Receiver believes that at least 249, and possibly more, Eco Energy contracts were purportedly sold by Global Eco to Crown Crest as part of the Crown Crest Transaction. The Receiver has requested copies of the underlying security registration documents as well as the contracts that were purportedly sold to Crown Crest in order to review these documents and confirm the extent of the Debtor's property involved in the Crown Crest Transaction. As of the date of this Third Report, the Debtor and Crown Crest have not provided this information to the Receiver; and
- iii) The Receiver understands that the Debtor owns at least 100 contracts in its self-billing portfolio that were not sold as part of the Crown Crest Transaction. The Receiver further understands that these contracts are currently being billed and collected by Global Eco and/or Greensaving. Once again, the Receiver has not been provided with sufficient information to determine the amounts collected by Global Eco and/or Greensaving on behalf of the Debtor.

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### Greensaving

36. Similarly, the Receiver understands that certain Eco Energy contracts are being billed and collected by Greensaving despite the lack of any formal documentation provided to the Receiver regarding the basis on which such contracts were transferred to Greensaving or why Greensaving is entitled to collect and retain the billed amounts.

37. Crown Crest has provided the Receiver with a list of bank accounts provided to Crown Crest by Global Eco as part of the due diligence materials for the Crown Crest Transaction. The Receiver understands that the bank account information was provided to enable Crown Crest to reconcile and confirm collections in respect of the purchased contracts. The Receiver notes that one of the accounts provided to Crown Crest, a TD Bank account, is registered in the name of “Greensaving Home Services Inc. c/o Greensaving Roofing Solution”. It is not clear to the Receiver why payments in respect of the purchased contracts under the Crown Crest Transaction – which Global Eco represented as being contracts of Global Eco but which the Receiver believes includes a significant number of contracts owned by the Debtor – would be deposited into an account in the name of Greensaving.

38. The Receiver continues to review documentation in respect of Greensaving to determine whether Greensaving is in possession of assets or property of the Debtor. To date, the Receiver has reviewed certain email correspondence and other documentation among principals of Greensaving and the Debtor that is suggestive of potential improper transactions or other

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actions undertaken to conceal matters with respect to the Debtor and/or Greensaving, including:

- i) an email from Tony Tam, the controller of the Debtor and certain Debtor Affiliates, to David Ouyang and others, with the subject line “Greensaving 2018 FS”, suggesting that “EcoHome may go after David [Ouyang] personal because of inappropriate handling of fund (switching EcoHome customers cash receipt) and moving inventory (took out equipment from company with no record) when receiver comes in.” A copy of the email correspondence is attached hereto as Appendix “K”; and
- ii) email correspondence from Bianca Myles-Jansen, the executive assistant to David Ouyang, containing what appears to be an automated message indicating that requests in respect of contract buyouts, assumptions or postponements relating to contracts owned by the Debtor or Global Eco should be redirected to a Greensaving “due to continued restructuring”. A copy of the email correspondence is attached hereto as Appendix “L”.

39. In light of the email correspondence and documentation reviewed to date, the Receiver is concerned that Greensaving and its principals and employees have taken actions to conceal the true state of affairs in respect of Greensaving and its dealings with the Debtor and to frustrate the Receiver’s ability to determine the extent to which value has been transferred from the Debtor to Greensaving.

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## D&G

40. The Receiver has reviewed the Quickbooks records for D&G as they relate to the Debtor, and certain transactions have been identified that appear to be accounting entries recorded in an effort to write-off amounts owing from D&G to the Debtor in the period leading up to the receivership and thereby depriving the Debtor of an ability to collect on the intercompany account receivable.
41. As per Eco Energy's November, 2018 financial statements, D&G owed the Debtor approximately \$233,000, which was recorded as an intercompany receivable.
42. Between November, 2018 and March, 2019, D&G's obligation to the Debtor increased by approximately \$36,000 to a total balance of approximately \$269,000.
43. At some time during the Review Period, D&G paid Eco Energy \$176,000, thereby reducing the amount payable by D&G to the Debtor to approximately \$92,468.08. The \$92,468.08 was subsequently written off by the Debtor in a retroactive adjustment made on March 22, 2019, and the Receiver has been unable to obtain an explanation of this write off from the Debtor. An email from the Debtor's accountant setting forth the adjustment is attached hereto as Appendix "**M**".
44. The Receiver believes that D&G owes the Debtor \$92,468.08, and it appears to the Receiver that the Debtor intended to remove value from the Debtor's

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estate and impede the Debtor's ability to collect amounts owing to it by D&G by adjusting the accounting records prior to the Receiver's appointment.

45. In addition to the transaction set out above, the Receiver has identified a number of suspicious transactions involving D&G, Eco Energy, and AQD that occurred during the Review Period. Attached hereto as Appendix "N" is an email from Tony Tam, the controller of the Debtor, with respect to a series of transactions that would, "if legal", transform amounts owing to Eco Energy by Greensaving and Global Eco to instead be amounts owing to D&G. The Receiver is investigating whether this series of transactions occurred and its impact on Eco Energy and the value of its estate.

46. Given the issues indicated above and in the Second Report, including the undocumented transfer of the Debtor's assets and collection rights to Global Eco and Greensaving, the unsubstantiated write-off of amounts owing by D&G to the Debtor, and the Debtor's and Debtor Affiliates' continuing failure to provide information required pursuant to the Priority Request List as such information may relate to these entities, the Receiver believes that the continued application of the Freezing Provisions to the accounts of Global Eco, Greensaving and D&G during the Restricted Period should be extended to June 15, 2019, as it is necessary and appropriate to provide the Receiver with additional time to investigate significant issues with respect to the comingling of accounts and assets within the corporate group, to preserve the value of the Debtor's estate, and to prevent a further dissipation of the assets and property of the Debtor through these affiliates.

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## Can-Service

47. Notwithstanding the repeated written requests to the Debtor to provide the Receiver with access to Can-Service's accounting records pursuant to the Access and Preservation Order, as of the date of this Third Report, this information has not been provided to the Receiver.
48. Based on the Receiver's review of the limited books and records that have been provided by the Debtor and the Debtor Affiliates, the Receiver has not, to date, identified any significant transactions that resulted in Can-Service receiving an improper transfer of assets or property of the Debtor during the Review Period. While the Receiver continues to review transactions in respect of Can-Service and will take further action in the event that any improper transactions are identified, the Receiver is prepared to consent to the release of Can-Service from the Freezing Provisions at this time.
49. As set out below, the Receiver understands, based on representations made by Mr. Ouyang (the principal of the Debtor and the owner of 50% of the shares of Can-Service) that Mr. Michael Sifontes, (who the Receiver understands owns the other 50% of the shares of Can-Service), received a payment of \$100,000 from the proceeds of the Crown Crest Transaction. The Receiver understands that this payment was issued to Mr. Sifontes directly, and that the funds were not, to the Receiver's knowledge, deposited into any Can-Service account.



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AQD

50. Similar to Can-Service, the Receiver has not been provided with access to AQD's accounting records despite repeated requests to the Debtor to provide same.

51. Based on the Receiver's review of the limited books and records that have been provided by the Debtor and the Debtor Affiliates, the Receiver has certain concerns with respect to transactions between the Debtor and AQD. While the Receiver continues to review transactions in respect of AQD and will take further action in the event that any improper transactions are identified, the Receiver is nevertheless prepared to consent to the release of AQD from the Freezing Provisions at this time.

## **VI. DISTRIBUTIONS OF ASSETS/PAYMENTS BY THE DEBTOR**

52. As required pursuant to the Priority Request List, the Debtor provided the Receiver with a summary of all payments made by the Debtor with the proceeds of the Crown Crest Transaction. These payments appear to have been made following receipt of the proceeds of the Crown Crest Transaction on or after March 22, 2019, meaning that they were made within the two week period prior to the appointment of the Receiver and at a time when the Debtor knew that the receivership motion was pending.

53. The Receiver also notes that these payments and other transactions referenced in this report were made following an email from EcoHome's counsel to counsel to the Debtor on March 19, 2019 indicating that the

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Debtor should not take any steps outside of the ordinary course of business in advance of the April 3, 2019 hearing for the appointment of the receiver and that any such steps would be subject to the scrutiny of the Court.

54. As noted above, the Receiver is working with the Debtor's banks to obtain the account statements for March and April 2019 necessary to reconcile and confirm the payments reported by the Debtor.

55. The payments within two weeks of the appointment of the Receiver, including from the proceeds of the Crown Crest Transaction, as reported by David Ouyang to the Receiver, include the following:

<b>Payee</b>	<b>Amount (\$)</b>
RBC Line of Credit	514,250.00
CRA	150,935.87
Debtor Affiliates	116,841.28
Contractors	110,814.29
M. Sifontes	100,000.00
Trade A/P	69,005.97
Unsecured Creditors	62,617.40
B. Leung, CPA, CA	31,640.00
Payroll	24,150.45
Miscellaneous	12,095.19
<b>Total</b>	<b>1,192,350.45</b>

56. Based on its preliminary review of this information, the Receiver believes that certain of these payments have depleted the Debtor's estate, to the detriment of certain of the Debtor's creditors including its senior secured creditor, with a view to preferring certain creditors, transferring funds to non-arm's length parties, and minimizing or eliminating personal liabilities of the Debtor's principal. The Receiver and the Trustee are reviewing their

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respective options to recover these and other payments, including pursuant to the preference provisions in section 95 of the BIA.

57. The Receiver's comments on certain of these payments are set out below:

**RBC Line of Credit**

58. As set out in the Receiver's Second Report, the Debtor maintained a line of credit with RBC (the "**LOC**"). The Receiver understands that the Debtor's obligations under the LOC were personally guaranteed by Mr. Ouyang.

59. Subsequent to the date of the Receiver's Second Report, the Receiver obtained information from RBC and other sources in regard to the LOC, and determined that the Debtor repaid principal obligations of \$684,250 under the LOC during the Review Period, resulting in the complete repayment of the LOC.

60. RBC registered security interests in respect of the Debtor under the *Personal Property Security Act* (Ontario) (the "**PPSA**") pursuant to registrations effected April 23, 2015 and October 22, 2015 (collectively, the "**RBC Registrations**"). The RBC Registrations were registered after a registration in favour of Enbridge Gas Distribution Inc. dated September 14, 2014 and a registration in favour of EcoHome dated November 7, 2014.

61. On January 25, 2019, Ms. Jane Woo, a Licensed Insolvency Trustee who was retained by the Debtor as a consultant, advised the Debtor that EcoHome's security interest was registered prior to the RBC Registrations and that EcoHome had priority over RBC. The Debtor was therefore aware when repaying the LOC that the Debtor was repaying RBC at the expense of

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a prior ranking creditor. A copy of the correspondence between the Debtor and Ms. Woo is attached hereto as Appendix “O”.

62. On March 28, 2019, shortly after a payment of \$514,250 was applied against the LOC, Mr. Ouyang of the Debtor contacted the commercial account manager from RBC who handled the account, Ms. Shan Tang, to advise Ms. Tang that EcoHome’s security over Eco Energy was in priority to the RBC Registrations, and to inquire whether the amounts could be “clawed back”. A copy of the correspondence between the Debtor and RBC is attached hereto as Appendix “P”.

63. In light of the foregoing, the Trustee believes that the Debtor contravened section 95 of the BIA by repaying the LOC during the Review Period to the detriment of EcoHome, as the senior secured creditor of the Debtor. The Trustee intends to request that RBC pay over to the Trustee the amounts paid by the Debtor on the LOC during the Review Period and to take such other actions as may be necessary to recover the amounts for the benefit of the Debtor’s estate.

#### **Loan repayment to M. Sifontes**

64. The summary indicates that a payment of \$100,000 was made to Mr. Sifontes from the proceeds of the Crown Crest Transaction. The description noted on the list of disbursements with respect to this payment was ‘return loan’. The Receiver notes that PPSA searches in respect of the Debtor do not indicate Mr. Sifontes having registered a security interest in respect of the Debtor.

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65. On or about April 18, 2019, Mr. Ouyang, the principal of the Debtor, confirmed to the Receiver that the payment of \$100,000 was issued to Mr. Sifontes to repay an unsecured loan in full.

66. Based on the foregoing representations, the Trustee believes that the Debtor contravened section 95 of the BIA by repaying \$100,000 to Mr. Sifontes in satisfaction of an unsecured loan. Goodmans LLP, counsel to the Receiver and the Trustee, has written to Mr. Sifontes' counsel to demand that Mr. Sifontes repay the \$100,000 payment to the Debtor's estate.

### **Payment of HST**

67. The Debtor advised the Receiver that payments totaling \$150,935.87 were issued to the Canada Revenue Agency in respect of HST from the proceeds of the Crown Crest Transaction. The \$150,935.87 represents HST owed for the month of February, 2019.

### **Unsecured Creditors and Others**

68. Mr. Ouyang has informed the Receiver that the other parties to whom payments were made represent unsecured creditors, related parties, and employees.

69. The Receiver also understands that certain parties who received payments from the proceeds of the Crown Crest Transaction also conduct business with the Debtor Affiliates.

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70. The Receiver and Trustee continue to review these payments and potential avenues to recover the payments pursuant to the BIA preference provisions or otherwise with a view to maximizing the value of the Debtor's estate.

## **VII. REQUEST OF THE COURT**

For the reasons set forth in this Report, the Receiver respectfully requests that the Court grant the Extension Order No. 2 and the Standstill Approval Order.

All of which is respectfully submitted to this Court as of this 25<sup>th</sup> day of April, 2019.

### **RSM CANADA LIMITED**

In its capacity as Court Appointed Receiver  
of Eco Energy Home Services Inc. and  
not in its personal capacity



Per: Daniel Weisz, CPA, CA, CFF, CIRP, LIT  
Senior Vice-President

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

THE HONOURABLE **MADAM** )

WEDNESDAY, THE 3RD ~~DAY~~

~~DAY~~

JUSTICE **CONWAY** )

OF APRIL, 2019

**ECOHOME FINANCIAL INC.**

Applicant

- and -

**ECO ENERGY HOME SERVICES INC.**

Respondent



**ORDER**  
**(appointing Receiver)**

THIS APPLICATION made by the Applicant for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing RSM Canada Limited ("**RSM**") as receiver and manager (in such capacity, the "**Receiver**") without security, of all of the assets, undertakings and properties of Eco Energy Home Services Inc. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

THIS CROSS APPLICATION made by the Debtor to adjourn the Applicant's application.

ON READING the affidavit of Brent Houlden sworn February 7, 2019 and the Exhibits thereto, the consent endorsement of the Honourable Mr. Justice McEwen made February 13, 2019, the endorsement of the Honourable Mr. Justice McEwen made February 21, 2019, the

affidavit of Wei (David) Ouyang sworn February 25, 2019 and the Exhibits thereto, the affidavit of Brent Houlden sworn February 28, 2019, the Report of Investigative Procedures of BDO Canada LLP dated March 8, 2019, the factum of the Applicant dated March 8, 2019, the factum of the Debtor dated March 12, 2019, the endorsement of the Honourable Madam Justice Conway made March 14, 2019 and the affidavit of Jonathan Yantzi sworn March 28, 2019, and on hearing the submissions of counsel for the Applicant, counsel for the Debtor and such other counsel as were present as indicated on the counsel slip, no one else appearing although duly served as appears from the affidavit of service of Jenaya McLean sworn February 8, 2019, and on reading the consent of RSM to act as the Receiver,

### **SERVICE**

1. THIS COURT ORDERS that the time for service of the Notice of Application, the Notice of Cross Application, the Application and the Cross Application is hereby abridged and validated so that this application and this cross-application are properly returnable today and hereby dispenses with further service thereof.

### **APPOINTMENT**

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

### **RECEIVER'S POWERS**

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;

- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter

instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

(j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

(k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

(i) without the approval of this Court in respect of any transaction not exceeding \$50,000.00, provided that the aggregate consideration for all such transactions does not exceed \$200,000.00; and

(ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

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

(l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

(m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;



- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to make an assignment in bankruptcy on behalf of the Debtor and to consent, on behalf of the Debtor, to the bankruptcy application currently outstanding against the Debtor bearing court file number 31-OR-208359-T (the "**Bankruptcy Application**");
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. THIS COURT ORDERS that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the

Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

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

7. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

9. THIS COURT ORDERS that, save and except for the Bankruptcy Application: (i) no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court; and (ii) any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

10. THIS COURT ORDERS that, save and except for the Bankruptcy Application, all rights and remedies against the Debtor, the Receiver or affecting the Property, including, without limiting the generality of the foregoing, all rights and remedies of Enbridge Gas Distribution Inc. under its agreements with EcoHome or the Debtor, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtor



to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

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

#### **CONTINUATION OF SERVICES**

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

#### **RECEIVER TO HOLD FUNDS**

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



of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

#### **EMPLOYEES**

14. THIS COURT ORDERS that all employees of the Debtor shall remain the employees of the Debtor until such time as: (i) the Receiver, on the Debtor's behalf, may terminate the employment of such employees; or (ii) the employees of the Debtor are otherwise terminated by operation of law. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

#### **PIPEDA**

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

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or

collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

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

#### **RECEIVER'S ACCOUNTS**

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts (including statutory, deemed and

constructive trusts), liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### **FUNDING OF THE RECEIVERSHIP**

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$500,000.00 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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



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

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

### **SERVICE AND NOTICE**

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

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

## GENERAL

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

28. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor, including, without limitation, as a result of the Bankruptcy Application.

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

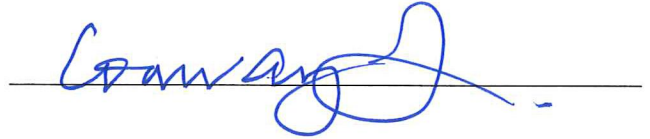
30. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized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

31. THIS COURT ORDERS that the Debtor's cross application be and is dismissed.

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

33. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party

likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



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

APR 03 2019

PER/PAR: *um*

## SCHEDULE "A"

### RECEIVER CERTIFICATE

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that RSM Canada Limited, the receiver (the "**Receiver**") of the assets, undertakings and properties of Eco Energy Home Services Inc. acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the "Order") made in an action having Court file number \_\_\_\_-CL-\_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_, being part of the total principal sum of \$\_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

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



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

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

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

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

Per: \_\_\_\_\_

Name:

Title:



ECOHOME FINANCIAL INC.

Applicant

and

ECO ENERGY HOME SERVICES INC.

Respondent

Court File No. CV-19-614122-00CL

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
PROCEEDING COMMENCED AT TORONTO

---

**RECEIVERSHIP ORDER**

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**Shakaira L. John – LSO# 72263D**

*Lawyers for the Applicant*

B

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

**BETWEEN:**

**ECOHOME FINANCIAL INC.**

Applicant

- and -

**ECO ENERGY HOME SERVICES INC.**

Respondent

**FIRST REPORT OF THE RECEIVER**

**April 3, 2019**

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## I. INTRODUCTION

1. Pursuant to an Application made by EcoHome Financial Inc. ("**EcoHome**"), by Order of the Ontario Superior Court of Justice (the "**Court**") dated April 3, 2019 (the "**Appointment Order**"), RSM Canada Limited ("**RSM**") was appointed as receiver (the "**Receiver**"), without security, of all assets, undertakings and properties of Eco Energy Home Services Inc. ("**Eco Energy**" or the "**Debtor**") acquired for, or used in relation to a business carried on by Eco Energy, including all proceeds thereof (the "**Property**"). A copy of the Appointment Order is attached hereto as Appendix "**A**".
2. The Appointment Order authorized the Receiver to, among other things, take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property.
3. In addition the Receiver was expressly empowered and authorized to:
  - a) manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor; and
  - b) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by the Appointment Order.

- 
4. The Appointment Order further provided that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of the Appointment Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.
  5. The Appointment Order further provides that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto.
  6. The Receiver has retained the firm of Goodmans LLP to act as the Receiver's independent legal counsel.

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## II. PURPOSE OF THE FIRST REPORT

7. The purpose of this Report (the "**First Report**") is to:

- a) report to the Court on the activities of the Receiver upon attempting to taking possession of the Debtor's premises;
- b) report on the conduct of the Debtor's officers, directors and employees and the lack of cooperation received by the Receiver; and
- c) seek an order (the "**Access Order**") confirming the Receiver's authority to:
  - i. have full and unfettered access to and take possession and control of the Premises (as defined below);
  - ii. change the locks and security and alarm codes at the Premises;
  - iii. restrict access to the Premises by any Person, including any director, officer, employee, agent, representative or advisor of (A) the Debtor, (B) any entity that is related to, or affiliated or under common control with, the Debtor (a "**Debtor Affiliate**"), or (C) without limiting the meaning of Debtor Affiliate, D&G Enterprises Inc. ("**D&G**"), GreenSaving Group Inc. ("**GSGI**"), and 2360777 Ontario Inc. o/a Global Eco Energy Group ("**Global Eco**") (collectively, the "**Other Companies**"); and all such Persons shall be permitted to access the Premises solely at such times and for such purposes as the Receiver may permit or the Court may order;

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- iv. have full and unfettered access the operating, accounting and other systems of the Debtor and the Other Companies;
  - v. redirect, change or alter the Debtor's website, email addresses and telephone number(s) to "point" to an alternate URL, email address or telephone number(s);
  - vi. obtain immediate access to all Records (whether such Records are owned or controlled by the Debtor or the Other Companies; and
  - vii. engage EcoHome as its agent to assist with the exercise of the Receiver's powers and duties and to undertake such actions on behalf of the Receiver as the Receiver may direct.

#### **Terms of Reference**

8. In preparing this report and making the comments herein, the Receiver has relied upon certain unaudited financial information and documentation obtained at the Eco Energy premises, where possible, and information and documentation received from third-party sources (collectively, the "**Information**"). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.



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9. Unless otherwise stated, all dollar amounts contained in this report are expressed in Canadian dollars.

### III. DIFFICULTIES IN OBTAINING POSSESSION

#### *Attempts to take possession of the Head Office*

10. Subsequent to the issuance and entry of the Appointment Order, the Receiver attended at Eco Energy's head office located at 3761 Victoria Park Avenue, Units 10-11, Toronto, Ontario (the "**Head Office**") and satellite office located at 1051 Upper James St., Unit 201, Hamilton, Ontario (collectively, the "**Premises**").
11. Accompanying the Receiver were its possessory agents who were tasked with assisting the Receiver with the review and control of the Debtor's computer systems, books and records, and inventory of the assets located at the premises. Due to EcoHome's familiarity with the Debtor's operations and its computer and operating systems, the Receiver requested that certain representatives of EcoHome attend with the Receiver to assist the Receiver as it learned about the Debtor's business and operating systems.
12. Upon presenting the Appointment Order to the Debtor at the Head Office, the Receiver was advised by the Debtor that Eco Energy was not the sole tenant of the Head Office, and therefore the Receiver would not be permitted to take any measures to change the locks to the Head Office or take any other actions that may interfere with other tenants of the office space. The Receiver requested copies of the lease documents with respect to the Head Office, certain of which were subsequently provided by the Debtor.

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- a) Based on a preliminary review of the lease documentation, the Receiver understands that the Head Office was originally leased by the Debtor, as tenant, pursuant to a lease with 3761 Victoria Park Holdings Limited, as lessor, dated September 12, 2013, for an initial term ending on February 28, 2019. By a lease amending agreement dated November 20, 2018, the term of the head lease was extended to February 28, 2022.
- b) In or around February 2019, the Debtor assigned its tenancy interest in the head lease to D&G, which the Receiver understands is a company related to the Debtor.
- c) Pursuant to three separate sublease agreements each dated as of February 28, 2019, D&G entered into sublease arrangements with the Debtor, GSGL and Global Eco with respect to the Head Office. The Receiver understands that GSGL and Global Eco are related to both the Debtor and D&G based on their review and on the basis that the same individual signed the subleases for each of the Debtor and the Other Companies. The Receiver understands that the Debtor and the Other Companies have common management (“**Management**”).
- d) The Receiver notes that the assignment of the tenancy interest from the Debtor to D&G, and the subleases of the Head Office to each of the Debtor, GSGL and Global Eco, occurred after the filing of the receivership application by EcoHome on February 8, 2019.

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e) The Receiver also notes that, pursuant to the sublease agreements, the total area of the Head Office leased to the Debtor is 8,362 square feet and the total area of the Head Office leased to each of GSCI and Global Eco is 1,286 square feet. Accordingly, more than 75% of the Head Office floor space is leased by the Debtor.

13. One of the Receiver's possessory agents, a locksmith, was prevented by Management from changing the locks at the Head Office on the basis that it would unfairly restrict the operations of the Other Companies. The locks at the Hamilton office were successfully changed.

***Books and Records***

14. The Receiver asked Management to provide the Receiver with access to Eco Energy's books and records. Management advised the Receiver that the Receiver would not be permitted access to the Debtor's books and records, as all of the data was stored on hard drives and servers that are shared among the Other Companies. Management took the position that the Appointment Order only authorized the Receiver to collect information pertaining to Eco Energy, and the fact that Eco Energy's information was stored on shared servers was reason to withhold access from the Receiver.
15. After several discussions between Management and the Receiver, Management agreed to provide the Receiver with certain information from the computer and accounting systems; however, Management continued to obstruct the Receiver's access to the computer and accounting systems.

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16. Despite Management's representation to the Receiver that they would provide certain information to the Receiver, Management has failed or refused to provide substantially all of the requested information to the Receiver as of 11:30 p.m. on April 3, 2019 (being the time of writing of this report).

***Other Matters***

17. Pursuant to Paragraph 3(d) of the Appointment Order, the Receiver asked certain representatives of EcoHome to attend with the Receiver to assist the Receiver as it learned about the Debtor's business and operating systems. This was done with a view to increasing the Receiver's efficiency and effectiveness in the gathering and understanding of the Debtor's books and records, as the Receiver understands that EcoHome has unique and extensive knowledge of Eco Energy's operations and IT infrastructure. When the Receiver attended at the Head Office, Management refused to allow EcoHome's representatives to enter the premises, despite receiving a copy of the Appointment Order and being informed that EcoHome was acting in a capacity as agent of the Receiver. Management further advised the Receiver that no information would be provided to the Receiver while EcoHome's representatives were on site.

**IV. NEED FOR URGENT RELIEF**

18. Based on information received to date, the Receiver is concerned that the Debtor may be taking steps, including with the involvement of the Other Companies, to frustrate the conduct of the receivership and to transfer value

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from the Debtor's estate. As an initial and urgent step, the Debtor requires control over and unfettered access to the Premises so that it can carry out its duties, obtain additional information, and preserve and protect the value of the Property. The Receiver is of the view that the Appointment Order provides the Receiver with the authority to carry out these actions. However, given the Debtor's refusal to fully comply with the Appointment Order, the Receiver is seeking the Access Order to ensure the Receiver has access to the Debtor's Premises and Records to carry out its duties and preserve and protect value for the benefit of all stakeholders.

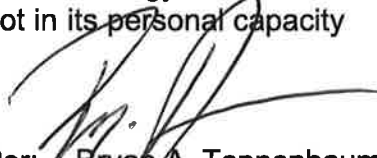
#### **V. RELIEF SOUGHT**

The Receiver respectfully requests that the Court grant the Order described in paragraph 6 (c) above.

All of which is respectfully submitted to this Court as of this 3rd day of April, 2019.

#### **RSM CANADA LIMITED**

In its capacity as Court Appointed Receiver  
of Eco Energy Home Services Inc. and  
not in its personal capacity



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

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ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MADAM

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THURSDAY, THE 4<sup>TH</sup>

)

JUSTICE CONWAY

)

DAY OF APRIL, 2019



ECOHOME FINANCIAL INC.

Applicant

- and -

ECO ENERGY HOME SERVICES INC.

Respondent

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION  
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.  
B-3, AS AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE*  
*ACT*, R.S.O. 1990, c. C-43, AS AMENDED

ACCESS ORDER

**THIS MOTION**, made by RSM Canada Limited in its capacity as the Court-appointed receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Eco Energy Home Services Inc. (the “**Debtor**”) for an order with respect to access to, and control and preservation of, the Debtor’s Premises (as defined below) and Property, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Brent Houlden sworn February 7, 2019, the affidavit of Brent Houlden sworn February 28, 2019, the Report of Investigative Procedures of BDO Canada

LLP dated March 8, 2019, and the First Report of the Receiver dated April 3, 2019, and on hearing the submissions of counsel to the Receiver, no one appearing for the Debtor though duly served as appears from the affidavit of service of Bradley Wiffen sworn April 4, 2019:

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

2. **THIS COURT ORDERS** that capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Order of this Court dated April 3, 2019 (the “**Receivership Order**”).

3. **THIS COURT ORDERS** that, without limiting the Receivership Order, the Receiver is expressly authorized, empowered and permitted to:

- (a) have full and unfettered access to and to take possession and control of the offices and premises located at 3761 Victoria Park Avenue, Toronto, Ontario, Units 10-11 and 1051 Upper James Street, Unit 201, Hamilton, Ontario (collectively, the “**Premises**”);
- (b) change the locks and security and alarm codes at the Premises;
- (c) restrict access to the Premises by any Person, including any director, officer, employee, agent, representative or advisor of (i) the Debtor; (ii) any entity that is related to, or affiliated or under common control with, the Debtor (a “**Debtor Affiliate**”); and (iii) without limiting paragraph 3(c)(ii) herein, D&G Enterprises Inc., GreenSaving Group Inc., and 2360777 Ontario Inc. o/a Global Eco Energy Group (collectively, the “**Other Companies**”); and all such Persons shall be permitted to access the Premises solely at such times and for such purposes as the Receiver may permit or this Court may order;
- (d) have full and unfettered access to the operating, accounting and other systems of the Debtor, any Debtor Affiliate, and the Other Companies; and



- (e) redirect any telephone numbers, email addresses, websites or similar electronic resources of the Debtor to accounts or resources maintained or established by the Receiver.

4. **THIS COURT ORDERS** that the authorizations set forth in paragraph 3 of this Order shall apply notwithstanding any lease, sublease or other arrangement pursuant to which the Debtor, any Debtor Affiliate or the Other Companies occupy the Premises or any portion thereof.

5. **THIS COURT ORDERS** that, without limiting the Receivership Order, no Person shall alter, erase, destroy or interfere with or remove from the Premises without the Receiver's prior written consent any Records or other documents or assets located at the Premises, including on any computer system located at the Premises, whether such Record, other document or asset is owned or controlled by the Debtor, any Debtor Affiliate, the Other Companies or otherwise, and all Persons shall provide the Receiver with all such assistance in gaining immediate access to the Records and all information therein as the Receiver may in its discretion require pursuant to paragraphs 5 and 6 of the Receivership Order.

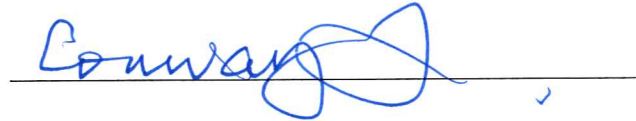
6. **THIS COURT ORDERS** that the Receiver is authorized to, but is not required to, return any Record, other document or asset to the possession or control of the Other Companies or any other Person where the Receiver, in its sole discretion, determines that such Record, other document or asset is not property of the Debtor and is not otherwise related or relevant to the within proceedings.

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

Carata 930 on April 5, 2019.

8. **THIS COURT ORDERS** that the granting of this Order is without prejudice to the rights of the Receiver and EcoHome Financial Inc. ("EcoHome") arising out of the refusal or failure of any Person to comply with the Receivership Order on April 3, 2019, or at any other time.

9. **THIS COURT ORDERS** that pursuant to, and without limiting, paragraph 3(d) of the Receivership Order, the Receiver shall be entitled and authorized to engage EcoHome as an agent to assist with the exercise of the Receiver's powers and duties, and representatives of EcoHome shall be permitted to attend at the Premises at the request of the Receiver and to undertake such actions on behalf of the Receiver as the Receiver may direct.



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

APR 04 2019

PER / PAR: 

ECOHOME FINANCIAL INC.

Applicant

and

ECO ENERGY HOME SERVICES INC.

Respondent

Court File No. CV-19-614122-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST  
PROCEEDING COMMENCED AT TORONTO**

**ACCESS ORDER**

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Lawyers for the Receiver

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

**BETWEEN:**

**ECOHOME FINANCIAL INC.**

Applicant

- and -

**ECO ENERGY HOME SERVICES INC.**

Respondent

**SECOND REPORT OF THE RECEIVER**

**April 8, 2019**

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## I. INTRODUCTION

1. Pursuant to an application (the “**Application**”) made by EcoHome Financial Inc. (“**EcoHome**”), by Order of the Ontario Superior Court of Justice (the “**Court**”) dated April 3, 2019 (the “**Appointment Order**”), RSM Canada Limited (“**RSM**”) was appointed as receiver and manager (the “**Receiver**”), without security, of all assets, undertakings and properties of Eco Energy Home Services Inc. (“**Eco Energy**” or the “**Debtor**”) acquired for, or used in relation to a business carried on by Eco Energy, including all proceeds thereof (the “**Property**”). A copy of the Appointment Order is attached hereto as Appendix “**A**”.
2. The Appointment Order authorized the Receiver to, among other things, take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property.
3. In addition the Receiver was expressly empowered and authorized to:
  - a) manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor; and
  - b) engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver’s powers and duties, including without limitation those conferred by the Appointment Order.

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4. The Appointment Order further provides that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of the Appointment Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any Property in such Person’s possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver’s request.
  5. The Appointment Order further provides that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (collectively, the “**Records**”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto.
  6. On April 4, 2018, the Receiver filed its first report dated April 3, 2019 with the Court (the “**First Report**”). The First Report sets out a number of issues experienced by the Receiver upon taking possession of the Debtor’s head



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office premises, located at 3761 Victoria Park Avenue in Toronto, Ontario (the “**Head Office**”). A summary of the various issues experienced by the Receiver is set out in the First Report, which issues include:

- (i) in or about February 2019, the Debtor assigned its interest in its Head Office tenancy to D&G Enterprises Inc. (“**D&G**”), a related party. D&G subsequently sub-leased the Head Office to several related parties. Upon the Receiver’s attendance at the Head Office, the Receiver was advised by management (“**Management**”) that it could not change the locks and alarm codes as there were several businesses working from the Head Office; and
- (ii) the Receiver was denied access by Management to the Debtor’s books and records as Management advised that the books and records of the related parties were co-mingled with those of the Debtor and the Receiver had no right to the related parties’ books and records.

A copy of the Receiver’s First Report is attached hereto as Appendix “**B**”.

7. Upon its review of the First Report, on April 4, 2019, the Court issued an order (the “**Access Order**”) providing the Receiver with the authority to, among other things:

- (i) have full and unfettered access to and take possession and control of the Head Office and a separate office of the Debtor located in Hamilton, Ontario (collectively, the “**Premises**”);

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- (ii) change the locks and security and alarm codes at the Premises;
- (iii) restrict access to the Premises by any Person, including any director, officer, employee, agent, representative or advisor of (A) the Debtor, (B) any entity that is related to, or affiliated or under common control with the Debtor, or (C) without limiting the meaning of (B) above, D&G, Greensaving Group Inc., (“**Greensaving**”) and 2360777 Ontario Inc. o/a Global Eco Energy Group (“**Global Eco**”) (collectively, the “**Other Companies**”)<sup>1</sup>; and all such Persons shall be permitted to access the Premises solely at such times and for such purposes as the Receiver may permit or the Court may order; and
- (iv) have full and unfettered access to the operating, accounting and other systems of the Debtor and the Other Companies.

A copy of the Access Order is attached hereto as Appendix “**C**”.

8. The Receiver has retained the firm of Goodmans LLP (“**Goodmans**”) to act as the Receiver’s independent legal counsel.

## **II. PURPOSE OF THE SECOND REPORT**

9. The purpose of this Report (the “**Second Report**”) is to:

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<sup>1</sup> When the First Report was prepared on April 3, 2019 (the date the Receiver was appointed), the Receiver was still in the process of confirming whether D&G, Greensaving and Global Eco were affiliated with the Debtor. As set out below, the Receiver understands that each of the foregoing entities is affiliated with Debtor, and accordingly such entities, together with Can-Service Inc. and 2586322 Ontario Inc., are defined as the “Debtor Affiliates” for purposes of this Second Report and the proposed Access and Preservation Order.

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- a) report to the Court on the activities of the Receiver since the issuance of the First Report;
  - b) report to the Court on the conduct of the Debtor's officers, directors and employees and the lack of cooperation and resistance and obfuscation received by the Receiver;
  - c) report to the Court on the findings of the Receiver as they relate to various activities of the Debtor during the approximately 8-week period from February 7, 2019 (the date on which the application to appoint a receiver over the Debtor was filed) to April 3, 2019 (the date of the issuance of the Appointment Order and attendance by the Receiver at the Head Office to take possession);
  - d) report on the relationship between D&G, Greensaving, Global Eco Can-Service Inc., and 2586322 Ontario Inc. o/a Air Quality Dunrite (collectively, the "**Debtor Affiliates**") and the Debtor; and
  - e) seek an order of the Court (the "**Access and Preservation Order**"), which, among other things:
    - i. authorizes entry into the offices and premises from which any Debtor Affiliate carries on business (the "**Affiliate Premises**"), including the premises located at (A) 4438 Sheppard Avenue East, Unit 311, Toronto, Ontario, (B) 12 Bradwick Drive, Suite #5, Concord, Ontario, (C) 160 Applewood Crescent, No. 15, Concord, Ontario, and (D) 885 Progress Avenue, Suite #LPH11, Toronto, Ontario to (a) the Receiver and its

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representatives and counsel, (b) any information technology or computer systems specialists retained by the Receiver, and (c) any representatives of a security company hired by the Receiver (collectively, the “**Authorized Persons**”) for the purpose of obtaining Records pursuant to paragraphs 5 and 6 of the Receivership Order, investigating whether the Debtor Affiliates are in possession of any Property of the Debtor, and investigating whether the Debtor Affiliates or the Affiliate Representatives (as defined in the Access and Preservation Order) have engaged in conduct that constitutes a fraudulent conveyance, transfer at undervalue, or other prohibited, illegal or fraudulent transactions to the detriment of the Debtor and its estate. Without limiting the foregoing, the Authorized Persons shall be permitted to do the following at the Affiliate Premises:

- have access to all Computer Systems at the Affiliate Premises; and
- make and retain a copy of all information on the Computer Systems to enable the Receiver to review whether information on the Computer Systems constitutes Records or Property of the Debtor or is otherwise relevant to the Debtor or these proceedings;

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- ii. authorizes the Authorized Persons to record by audio, video or photograph the Premises, the Computer Systems, and any acts, conversations and discussions occurring while the Authorized Persons are present at or gaining entry to the Premises, with the exception of any communications between the Debtor Affiliates or the Affiliate Representatives and their respective counsel;
  - iii. requires any information technology or similar specialist currently or previously engaged by the Debtor, any Debtor Affiliate or any Affiliate Representative that is in possession of, or has the ability to access, any data or information (wherever located, including on any external or cloud-based repository) that constitutes Records of the Debtor or is otherwise relevant to the Debtor or these proceedings to grant the Receiver unfettered access to any such information or Records for the purpose of allowing the Receiver to recover and fully copy all information and Records;
  - iv. requires the Debtor Affiliates and the Affiliate Representatives to cooperate fully with the Receiver in the exercise of its rights pursuant to this Order, the Receivership Order and the Access Order, including by granting access to the Computer Systems;

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- v. prohibits any Person from altering, destroying, transferring or removing any information or records from the Computer Systems or the Affiliated Premises except with authorization of the Receiver or pursuant to Court order;
- vi. prohibits the Debtor Affiliates and Affiliated Entities from taking actions to the detriment of the Debtor's estate, including receiving any Property of the Debtor or contacting or communicating with a party to a lease agreement owned by EcoHome;
- vii. orders that, until and including April 15, 2019 (as such date may be extended by the Court, the "**Restricted Period**"):
- no Debtor Affiliate or Affiliate Representative shall request that a notice of security interest under the *Personal Property Security Act* (Ontario) (the "**PPSA**") or any other personal property registry system (a "**NOSI**") be registered, altered or transferred;
  - the Debtor Affiliates and anyone with notice of the Order are restrained from selling, dissipating, transferring, assigning, encumbering or similarly dealing with any assets of the Debtor Affiliates;
  - any bank, credit union or other financial institution with notice of the Order (the "**Banks**") are required to freeze and prevent the removal or transfer of monies

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or assets held in any account with the Banks, provided that the Debtor Affiliates shall be able to make regularly scheduled payroll payments and any other payments as may be approved by the Receiver or authorized by the Court.

## **Terms of Reference**

10. In preparing this report and making the comments herein, the Receiver has relied upon certain unaudited financial information and documentation obtained at the Eco Energy premises, where possible, and information and documentation received from third-party sources (collectively, the **“Information”**). The Receiver has, to the extent possible, reviewed the Information for reasonableness. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the CPA Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
11. Unless otherwise stated, all dollar amounts contained in this report are expressed in Canadian dollars.

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### **III. RECEIVER'S ACTIVITIES SINCE THE FIRST REPORT**

#### **Taking possession and securing the premises**

12. Subsequent to obtaining the Access Order on April 4, 2019, the Receiver attended at the Head Office and requested that Management provide access to all accounting systems and other systems of the Debtor and the Debtor Affiliates in accordance with the Access Order. Management advised the Receiver that it would not provide any further information or access to the Receiver until it had retained counsel and reviewed the Access Order with said counsel. In addition, Management advised that it did not agree with the Access Order and that the Receiver could not change the locks and reprogram the alarm system.
13. The Receiver held a meeting with Management, in an attempt to further explain and clarify its powers under the Access Order. During that meeting, as a result of the actions and disruption caused by one of the members of Management, Mr. Trent Knackstedt, the Receiver requested that staff member to leave the premises.
14. The Receiver then informed Management that it had the right to access all books and records on site whether they related to the Debtor or the Debtor Affiliates and that the Receiver would be proceeding to change the locks and reprogram the alarm system in compliance with the Access Order, which the Receiver then completed.



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## Review of books and records

15. After the Receiver's meeting, the Receiver provided an information request to management pursuant to its authority under the Appointment Order and the Access Order. Management agreed to provide the Receiver with access to certain limited information, including a list of contracts held by Eco Energy, access to the Eco Energy CRM, and the Debtor's accounting records, amongst other things (the "**Voluntary Information**").
16. The Receiver reviewed the Voluntary Information as it was provided, and determined that the Voluntary Information was either (i) limited in scope, (ii) outdated, or (iii) intentionally misleading.
17. Examples of limited and outdated information provided to the Receiver by Management are as follows:
  - i) Management advised that the only hardcopy contracts available on site were those originated in 2015 and prior. The Receiver is advised by Eco Home that hardcopy contracts for 2016 forward do exist, and were previously on site during the BDO audit completed in March, 2019. Pursuant to the Receiver's limited review of contracts found on site, no hardcopy contracts for 2016 forward were found.
  - ii) the Receiver requested that Management provide a list of all contracts held by Eco Energy, including contracts relating to deals funded by Eco Home and other lenders and deals funded by Eco Energy itself (the "**Self-billing Portfolio**"). Management provided the Receiver with a list of contracts; however, the Receiver understands that this is a listing of contracts funded by Eco Home only and that the schedule provided to the

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Receiver was a schedule that was originally provided by Eco Home to the Debtor. As of the date of this Second Report, the Receiver has not received any details pertaining to the Self-billing Portfolio; and

iii) the Receiver was provided with a password and access to the Global Eco CRM on April 4, 2019. The Receiver discovered on April 6, 2019 that the password to the CRM system no longer worked and had been changed.

### **Depleted Bank Accounts**

18. Upon its appointment on April 3, 2019, the Receiver contacted the Royal Bank of Canada ("**RBC**") to request, among other things, confirmation of the balance of all accounts held by the Debtor at RBC.
19. On April 5, 2019, RBC provided the Receiver with a summary of all balances in the Debtor's accounts. The RBC summary showed total cash on hand of \$5,521.99, and total outstanding liabilities of \$3,616.16 totaling a net cash balance of \$1,905.83. A copy of the RBC summary is attached hereto as Appendix "**D**".
20. The Receiver also requested detailed bank statements from RBC pertaining to all Eco Energy accounts, but these documents have not been received as of the date of this Second Report.
21. The Receiver has been unable to ascertain the location of the funds received by the Debtor on account of leased contracts purchased by EcoHome, which constitute trust funds for the benefit of EcoHome pursuant to Section 5.01(d) of the Program Agreement. In its Report of Investigative Procedures dated March 8, 2019, BDO Canada determined that Eco Energy had collected

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\$419,719 in funds that would appear to constitute trust funds for the benefit of EcoHome.

#### **Forensic IT analysis**

22. The Receiver engaged a forensic IT consultant, Kroll Cyber Risk (“**Kroll**”) to review and investigate the limited computer systems that remained on the Premises, namely the PCs located at the workstations of David Ouyang (President), Bianca Myles-Jansen (Assistant to the President), and Sandeep Singh’s (NOSI clerk). The Receiver notes that two of Eco Energy’s key employees, Mr. Trent Knackstedt and Mr. Tony Tam, did not have any PCs at their workstation upon the Receiver’s attendance at the Head Office on April 3, 2019. Kroll completed its assessment on April 6, 2019, and provided a summary of its findings to the Receiver (the “**Kroll Report**”). A copy of the Kroll Report is attached hereto as Appendix “**E**”.

23. The Kroll Report provided information regarding the historical registration and usage of the computers. Among other things, the Kroll Report identified the following:

- i) Until March 30, 2019, there was no user profile for Mr. Ouyang on the computer that was found in his office. A user profile was set up on March 30, 2019 under the name “David”, and this profile was used, on a limited basis, for six days until April 5, 2019. Prior to the establishment of the “David” profile on March 30, 2019, the only user profile on the PC was named “AMIR-LAP”, indicating that this equipment was not used by Mr. Ouyang:

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- ii) The email profile and web history were deleted from Mr. Ouyang's new computer on April 3, 2019, shortly after the Receiver arriving at the premises.
  - iii) Ms. Myles-Jansen's computer contained some documents and emails. These likely remained on her PC due to the fact that the Receiver seized this PC shortly after its arrival at the Head Office. However, the web history was erased prior to the Receiver seizing the computer. The Receiver notes, having thoroughly reviewed Ms. Myles-Jansen's computer, that there are only limited emails remaining on the computer and and no documents remained on the local hard drive.
  - iv) With respect to the computer found in Mr. Singh's workspace, the Kroll Report noted that there was no evidence of his usage of the computer prior to February 5, 2019, and very limited usage thereafter. The Receiver understands that Mr. Singh was responsible for administering all NOSIs on behalf of Eco Energy, and that Mr. Singh began operating under the GSCI banner shortly before the Receiver's appointment.

## **Employees**

- 24. On April 4, 2019, on the basis of the Receiver's discussions with Ms. Myles-Jansen and her obstructionism and lack of cooperation, the Receiver requested that she not attend at the Head Office on April 5, 2019. The Receiver does not know whether she will attend on April 8, 2019.
- 25. On April 5, 2019, only 4 employees attended at the Head Office. On the basis of its discussions with 3 of the employees, the Receiver ascertained that they had no work to do for Eco Energy or the Debtor Affiliates. Further,

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these employees, when asked to provide basic information to the Receiver, including their roles as they relate to operations, were vague and uninformative. As a result, the Receiver requested that these three employees leave the Head Office.

26. One employee, in the Debtor's accounting department, continued to work diligently on various items, including an HST reconciliation requested by Canada Revenue Agency. The Receiver has requested this employee to return on April 8, 2019 to continue the work that she was in the process of completing.

#### **IV. RELATED PARTIES UNDER COMMON CONTROL**

27. On April 6, 2019, Chand Snider LLP ("**Chand Snider**") sent a letter to Goodmans raising certain non-specific concerns with respect to the Access Order. A copy of the letter is attached hereto as Appendix "**F**". In the letter, the Debtor's counsel states that:

- i) "there is no evidence that the Other Companies [i.e. D&G, Greensaving and Global Eco] are under common control or affiliated with [the Debtor], but for the Access Order obtained on April 4, 2019 which refers to the Other Companies as being under "common control" of the debtor."
- ii) "We are of the view that the Other Companies are not under the common control of the debtor".

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Chand Snider sent a follow-up email on Sunday, April 7, 2019 re-attaching the letter and inviting the Receiver's counsel to contact the Debtor's counsel that day or the following day (Monday, April 8, 2019).

28. With respect to the letter from Chand Snider, the Receiver notes that:

- i) Chand Snider indicates that it has been retained by the Debtor. However, the balance of the letter focuses primarily on the impact of the Access Order on the Debtor Affiliates. It is unclear whether Chand Snider also acts for the Debtor Affiliates or why it would be so focused on the impact of the Debtor Affiliates if the Debtor and the Debtor Affiliates are not affiliated; and
- ii) The Debtor presumably authorized its counsel to send the letter and take the position that D&G, Greensaving and Global Eco are not affiliated with the Debtor. In light of the evidence described herein regarding the connection between the Debtor and the Debtor Affiliates, including the corporate chart referenced below, such an assertion appears to be demonstrably false. If the Debtor's principals in fact authorized or instructed the Debtor's counsel to take that position, it demonstrates that the principals are continuing to breach the Receivership Order and the Access Order by not providing truthful information regarding the affairs of the Debtor.

29. In reviewing certain books and records found at the Head Office, the Receiver identified a number of references to the Debtor Affiliates in email correspondence, digital records, and physical records. In response, the

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- Receiver obtained copies of the Corporation Profile Report (“**CPR**”) for each of the Debtor Affiliates, copies of which are attached hereto as Appendix “**G**”. The CPRs indicate that David (Wei) Ouyang is a director and/or officer of each of the Debtor Affiliates.
30. An organizational chart, which was included in a set of Eco Energy marketing materials located at the Head Office, supports the fact that Debtor Affiliates were represented by Eco Energy as being related. The document, which was prepared by Eco Energy, shows that a total of twelve companies, including Eco Energy and the Debtor Affiliates, are under the control of D&G, which is in turn controlled by Mr. Ouyang. A copy of the organizational chart is attached hereto as Appendix “**H**”.
31. In an email from Ms. Myles-Jansen to H&R Property Management Ltd. (the “**Landlord**”) dated March 7, 2019, Eco Energy advised the Landlord that Eco Energy was ‘rebranding’. Eco Energy further stated that D&G “owns” the Debtor Affiliates, among other entities. A copy of the aforementioned email is attached hereto as Appendix “**I**”.
32. The Receiver reviewed the November, 2018 Eco Energy internal financial statements prepared by the Debtor and notes that there was a total of \$5,441,296.76 recorded on the balance sheet and categorized as ‘Due from affiliated companies’. The Receiver further notes that the amount due from affiliated companies is comprised of balances owing from, or to, eleven of the twelve companies named in Eco Energy’s organizational chart. A copy of the November, 2018 balance sheet is attached hereto as Appendix “**J**”.

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## V. DEBTOR'S ATTEMPTS TO CIRCUMVENT THE RECEIVERSHIP

33. The Receiver has identified various actions and activities of the Debtor during the period between February 7, 2019, being the date of the initial application for a receivership order, and April 3, 2019, being the date that the Appointment Order was issued by the Court (the “**Application Period**”).

### **Deletion of emails and other documents**

34. As stated in the Kroll Report, and consistent with the Receiver's observations, almost all of the data on computers which remained on site at the Head Office after the Receiver's appointment were erased, either partially or completely, prior to the Receiver's attendance at the Head Office. Of the seven (7) PCs that were 'active' at the time the Receiver took possession of the Head Office on April 4, 2019, only one (1) PC had any relevant emails pertaining to the affairs of the Debtor.

35. The Receiver asked the Debtor and its employees to provide the location of the emails and other pertinent documents, and the Receiver was advised that all files relevant to the Receivership were located on the local drives of the active terminals at the Head Office location. The Debtor further advised that the Debtor did not have any data on local servers, cloud servers or data centers. However, the Receiver subsequently identified an invoice from 3D Network Technology (“**3D**”) referencing daily off-site data backup at a secure data center in the GTA, as well as seven other secure data centers in Western Canada.



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36. During its attendance at the Head Office, Kroll identified a server tower in one of the offices on site. Kroll advised the Receiver that, based on information found on the computers (as described below), the tower likely housed local servers for the Debtor, but any servers that may have been on site prior to the Receiver's appointment had been removed. A picture showing the server tower, in its form upon the Receiver's appointment, is attached hereto as Appendix "K".

37. The Receiver also identified, on Ms. Myles-Jansen's PC, a "mapping" of seven servers that appear to be related to the Debtor, which indicates that the computer was connected to seven servers. However, the servers were all inaccessible by the Receiver and Kroll, which is consistent with the finding that the servers had been removed and/or deactivated prior to the Receiver's appointment. A screenshot of the server map is attached hereto as Appendix "L".

**Transfers, assignments and redirection to related parties**

38. As set out in the Receiver's First Report, the Debtor made several assignments of the Head Office lease during the Application Period. Since the First Report, the Receiver has identified correspondence from the Debtor to the Landlord in which the Debtor expressed its intent to transfer the Debtor's lease for the Head Office to D&G due to ongoing 'restructuring' of Eco Energy. A copy of the email correspondence between the Debtor and the Landlord is attached hereto as Appendix "M".

39. On February 1, 2019, Ms. Myles-Jansen sent an email to Mr. Devon Prasad of 3D requesting a meeting the week of February 7, 2019 to discuss the

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migration of the Eco Energy email domain/account, as well as the backup of the server. On March 19, 2019, Ms. Myles-Jansen wrote to Mr. Prasad requesting a meeting to discuss the implementation of a new phone system under D&G. Copies of the email correspondence between the Debtor and 3D are attached hereto as Appendix “N”.

40. On February 28, 2019, Mr. Raza Farooq, who the Receiver understands to be the system administrator for the CRM platforms used by the Debtor and the Debtor Affiliates, sent an email to Eco Energy employees advising them that the data from the Eco Energy CRM system had been transferred to the Global Eco CRM system, and instructing employees to use the Global Eco system to record all deals going forward. The Receiver understands that information relating to all contracts under the control of the Debtor was stored in the Eco Energy CRM system prior to the migration of this data to the Global Eco CRM system. A copy of the email from Mr. Farooq is attached hereto as Appendix “O”.

41. By email correspondence on March 26, 2019, Ms. Myles-Jansen provided instruction to an unknown group, presumably employees of Eco Energy, to redirect any inquiries pertaining to Eco Energy to Global Eco. A copy of this correspondence is attached hereto as Appendix “P”.

**Attempted assignment of NOSIs**

42. To ensure priority with respect to HVAC leases originated by Eco Energy (including leases purchased by EcoHome and administered by Eco Energy pursuant to the Program Agreement), Eco Energy registers NOSIs on the properties where the leased HVAC equipment is situated.

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43. On March 25, 2019, EcoHome wrote to Equifax to advise them of the pending receivership of Eco Energy and request that no further transfers, alterations, discharges, or other actions be taken with respect to the NOSIs held by Eco Energy until further notice. A copy of this email correspondence is attached hereto as Appendix “**Q**”.

44. On April 4, 2019, the Receiver wrote to Equifax and ESC Corporate Services (“**ESC**”) (collectively, the “**NOSI Administrators**”), both of whom are responsible for administering the NOSIs registered by Eco Energy, to advise them of the Receiver’s appointment. The Receiver requested that the NOSI Administrators provide the Receiver with (i) a list of all NOSIs administered by the NOSI Administrators that are registered to Eco Energy; and (ii) a list of all NOSIs administered by the NOSI Administrators that were registered to the Debtor that have been transferred, terminated or otherwise altered in the last three years, including any pending requests to do any of the foregoing not yet completed.

45. On April 5, 2019, Equifax advised the Receiver, by email, of the following:

- i) Eco Energy had submitted a request to Equifax on March 27, 2019, to have the authorization on the Eco Energy accounts changed to Greensaving; and
- ii) On or around the same date, Eco Energy requested certain NOSIs to be transferred, discharged, or otherwise altered.

A copy of the Equifax email is attached hereto as Appendix “**R**”.

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46. Notwithstanding the actions taken by the Debtor, the Receiver was able to confirm with the NOSI Administrators that all changes to the Eco Energy registrations subsequent to March 25, 2019, if any, would be reversed.

**Potential Sale of assets immediately prior to receivership**

47. By email correspondence on February 25, 2019, representatives of Eco Energy engaged in discussions with representatives of Simply Group (“**SG**”), a competitor of EcoHome, regarding the sale of the Eco Energy self-billing portfolio. This email is evidence that Eco Energy was, at the very least, attempting to sell a block of contracts that are subject to EcoHome’s General Security Interest (“**GSA**”). A copy of this correspondence is attached hereto as Appendix “**S**”.

48. As per an email dated February 22, 2019, the agreed upon value of the transaction between Eco Energy and SG was stated as \$1,500,000. A copy of this email is attached hereto as Appendix “**T**”.

49. In an email from Ms. Myles-Jansen dated March 19, 2019 to Ms. Jane Woo, a Licensed Insolvency Trustee, Eco Energy requested ‘guidance in advance of [the] receivership’ with respect to “Eco Energy’s self-billing portfolio sale to Crown Crest Capital”. The Receiver understands that Crown Crest Capital is a subsidiary of SG. A copy of this correspondence is attached hereto as Appendix “**U**”.

50. As set out in the Kroll Report, there was a flurry of activity on April 2, 2019, which appears to relate to the transfer of NOSIs from Eco Energy to Crown Crest Capital, indicating that a transaction between Eco Energy and SG may have been completed immediately prior to the Receiver’s appointment. If a

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transaction was completed at the contemplated \$1,500,000 purchase price, the Receiver notes that such funds are not currently in the RBC bank account maintained by the Debtor.

51. On April 6, 2019, Goodmans sent a letter to Mr. Lawrence Krimker, who is the CEO of SG, to inquire about the status of the contemplated transaction between Eco Energy and SG. As of the date of this Second Report, no response has been received from SG or its counsel. A copy of this letter is attached hereto as Appendix “V”.

#### **Forgiveness of related party debt**

52. As set out in this Second Report, the November, 2018 Eco Energy financial statements indicated a balance receivable from affiliated companies of \$5,441,296.76. As per the March, 2019 Eco Energy financial statements, the balance receivable from affiliated companies had purportedly been reduced to \$50,000.00. A copy of the March, 2019 balance sheet is attached hereto as Appendix “W”.

53. The Receiver investigated the reduction in related party receivables, and obtained support for a journal entry showing that \$4,689,010.96 owing from ‘Hamilton’ was credited to the related party receivable account, and \$4,516,514.68 of this balance was debited to retained earnings. This suggests that the related company receivable was ‘written off’. A copy of this journal entry is attached hereto as Appendix “X”.

54. In the same way, the Receiver noted that the November, 2018 balance sheet showed a ‘notes receivable’ balance of \$650,000. The Receiver identified a journal entry showing that the full balance of \$650,000 was credited to the

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notes receivable account and debited to contributed surplus. This journal entry is not dated, but occurred at some point subsequent to December 1, 2018. A copy of this journal entry is attached hereto as Appendix “Y”.

### **Repayment of RBC Loan**

55. As per an email from Tony Tam, Eco Energy’s controller, dated January 25, 2019, which is subsequent to EcoHome’s initial demand pursuant to its security agreement, Eco Energy held a meeting and determined that assets should be liquidated in an effort to pay down a loan from RBC (the “**RBC Loan**”). A copy of the email is attached hereto as Appendix “Z”. The subject line of the email is “Assets to Cash” and suggests that the Debtor should collect intercompany receivables and sell inventory to certain Debtor Affiliates to obtain cash. The Receiver notes that any cash obtained by the Debtor pursuant to these transactions appears to have been dissipated, whether to repay the RBC Loan or otherwise.

56. The Receiver’s independent counsel, Goodmans, is in the process of conducting a security review in respect of the Debtor. The Receiver notes that pursuant to a general security agreement dated January 29, 2015, the Debtor granted Eco Home a security interest in all of its present and after acquired personal property and undertakings and all proceeds thereof as security for all present and future obligations of the Debtor to EcoHome.

57. According to a search of PPSA registrations against the Debtor, RBC obtained two PPSA registrations against Eco Energy; one on April 23, 2015, and the second on October 22, 2015. Both of the RBC registrations are later-in-time to the PPSA registration obtained by EcoHome on November 7, 2014

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against all of the Debtor's assets. A copy of the RBC and EcoHome PPSA registrations are attached hereto as Appendix "**AA**".

58. On the December, 2018 Eco Energy financial statements, a loan payable with a balance of \$408,250 was recorded as a current liability on the balance sheet. The Receiver understands that this loan payable was in fact the RBC Loan. As of March 31, 2019, no such account was listed on the Debtor's balance sheet. The Receiver believes that the Debtor may have utilized funds that were subject to EcoHome's GSA to pay off the RBC Loan prior to the appointment of the Receiver. A copy of the December, 2018 and March, 2019 balance sheets are attached hereto as Appendix "**BB**".

## **VI. CONTEMPT OF COURT**

59. In view of the conduct of the Debtor as set out in this Second Report, the Receiver believes that the Debtor has taken calculated and premeditated actions with the intent to frustrate the conduct of the receivership and to transfer value from the Debtor's estate to related parties.

60. The Receiver and its representatives have observed management of Eco Energy, on several occasions, actively directing Eco Energy employees not to co-operate with the Receiver or provide the Receiver with information that was requested by the Receiver pursuant to the Appointment Order and the Access Order.

61. The actions of the Debtor have demonstrably contributed to the dissipation of the Debtor's assets, seemingly in an effort to evade the scope of the

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Receiver's authority pursuant to the Application Order, to the detriment of all stakeholders.

## **VII. CONCLUSION AND REQUEST OF THE COURT**

62. On an urgent basis, the Receiver requires access to the Affiliated Premises to access the Computer Systems and books and records of the Affiliated Premises so that it can carry out its duties, obtain additional information, and preserve and protect the value of the receivership estate.

63. Based on the evidence obtained by the Receiver to date, the Receiver has significant concerns that the Debtor and the Debtor Affiliates have undertaken a number of actions during the Application Period to remove value from the Debtor's estate; transfer assets, records and other valuable rights to the Debtor Affiliates; and prevent the Receiver from ascertaining the true state of affairs.

64. Given the Debtor's conduct documented herein, as well as the Debtor's demonstrable refusal to comply with the Appointment Order and the Access Order, the Receiver is seeking the Access and Preservation Order on an ex-parte basis. The Receiver is concerned that the Debtor, if given advanced notice of the Receiver's motion, would take further steps to frustrate the Receiver's administration of the estate, to the detriment of all stakeholders.

65. The Receiver believes that the relief sought in this report is necessary for the identification and preservation the assets of the Debtor's estate.



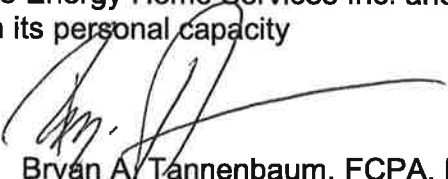
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The Receiver respectfully requests that the Court grant the proposed Access and Preservation Order.

All of which is respectfully submitted to this Court as of this 8th day of April, 2019.

**RSM CANADA LIMITED**

In its capacity as Court Appointed Receiver  
of Eco Energy Home Services Inc. and  
not in its personal capacity



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

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

THE HONOURABLE MADAM

)

MONDAY, THE 8TH

JUSTICE CONWAY

)

DAY OF APRIL, 2019

)



**ECOHOME FINANCIAL INC.**

Applicant

- and -

**ECO ENERGY HOME SERVICES INC.**

Respondent

**IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION  
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.  
B-3, AS AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE*  
*ACT*, R.S.O. 1990, c. C-43, AS AMENDED**

**ACCESS AND PRESERVATION ORDER**

**NOTICE**

If you, a Debtor Affiliate or Affiliated Person (each as defined below), disobey this Order, you may be held to be in contempt of court and may be imprisoned, fined or have your assets seized. You are entitled to apply on at least twenty-four (24) hours' notice to the Receiver (as defined below) for an order granting you sufficient funds for ordinary living expenses and legal advice and representation.

Any other person who knows of this Order and does anything which helps or permits a Debtor Affiliate or Affiliated Person to breach the terms of this Order may also be held to be in contempt of court and may be imprisoned, fined or have their assets seized.

**THIS MOTION**, made, without notice, by RSM Canada Limited in its capacity as the Court-appointed receiver (the “**Receiver**”) of all of the assets, undertakings and properties of Eco Energy Home Services Inc. (the “**Debtor**”) for an order authorizing the Receiver to access and preserve the Property and Records of the Debtor or which may relate to the Debtor that may be in the possession or control of Greensaving Group Inc., 2360777 Ontario Inc. o/a Global Eco Energy Group, D&G Enterprise Inc., Can-Service Inc., and 2586322 Ontario Inc. o/a Air Quality Dunrite (each a “**Debtor Affiliate**” and collectively, the “**Debtor Affiliates**”) and granting related relief, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Brent Houlden sworn February 7, 2019, the affidavit of Brent Houlden sworn February 28, 2019, the Report of Investigative Procedures of BDO Canada LLP dated March 8, 2019, the First Report of the Receiver dated April 3, 2019, and the Second Report of the Receiver dated April 8, 2019, and on hearing the submissions of counsel to the Receiver:

#### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Order of this Court dated April 3, 2019 (the “**Receivership Order**”).

#### **ACCESS TO AFFILIATE PREMISES AND COMPUTER SYSTEMS**

3. **THIS COURT ORDERS** that, without limiting the Receivership Order or the Access Order of this Court dated April 4, 2019 (the “**Access Order**”), (i) the Debtor Affiliates, (ii) the directors, officers, employees, agents and representatives of the Debtor Affiliates, including but not limited to David Ouyang, Tony Tam, Bianca Myles-Jansen and Trent Knackstedt (collectively, the “**Affiliate Representatives**”), and (iii) any other Person appearing to be in charge of the Affiliate Premises (as defined below), shall grant entry and permit re-entry into the offices and premises from which any Debtor Affiliate carries on business (the “**Affiliate**

**Premises**”), including, without limitation, the offices and premises located at 4438 Sheppard Avenue East, Unit 311, Toronto, Ontario; 12 Bradwick Drive, Concord, Ontario; 885 Progress Avenue, Toronto, Ontario; 305-7130 Warden Ave., Markham, Ontario; and 160 Applewood Crescent, No. 15, Concord, Ontario to (a) the Receiver and its representatives and counsel, (b) any information technology or computer systems specialists retained by the Receiver, and (c) any representatives of a security company hired by the Receiver (collectively, the “**Authorized Persons**”) for the purpose of obtaining Records pursuant to paragraphs 5 and 6 of the Receivership Order, investigating whether the Debtor Affiliates are in possession of any Property of the Debtor, and investigating whether the Debtor Affiliates or the Affiliate Representatives have engaged in conduct that constitutes a fraudulent conveyance, transfer at undervalue, or other prohibited, illegal or fraudulent transactions to the detriment of the Debtor and its estate. Without limiting the foregoing, the Authorized Persons shall be permitted to do the following at the Affiliate Premises:

- (a) have access to all servers and operating, accounting, computer and information technology systems located at the Affiliate Premises (collectively, the “**Computer Systems**”);
- (b) make and retain an electronic, digital or physical copy of all or any data and information on the Computer Systems to enable the Receiver to review and determine whether any data or information on the Computer Systems constitutes Records or Property of the Debtor or is otherwise relevant to the Debtor or these proceedings; and
- (c) review and make an electronic, digital or physical copy of any books, documents, records, papers or information in non-electronic form that in the reasonable opinion of the Receiver may constitute Records or Property of the Debtor or otherwise be relevant to the Debtor or these proceedings.

4. **THIS COURT ORDERS** that a sheriff, the Toronto Police Service, and any other police service having jurisdiction in the locality of any Premise are hereby authorized, at the request of the Receiver, to keep the peace in the carrying out of this Order.

5. **THIS COURT ORDERS** that the Authorized Persons are authorized and permitted to record by audio, video or photograph the Affiliate Premises, the Computer Systems, and any acts, conversations and discussions occurring while the Authorized Persons are present at or gaining entry to the Affiliate Premises, with the exception of any communications between the Debtor Affiliates or the Affiliate Representatives with their respective counsel.

6. **THIS COURT ORDERS** that any information technology, computer or similar specialist currently or previously engaged by the Debtor, any Debtor Affiliate or any Affiliate Representative, including but not limited to Devon Persaud and Raza Farooq, that is in possession of, or has the ability to access, any data or information (wherever located, including on any external or cloud-based repository) that constitutes Records of the Debtor or is otherwise relevant to the Debtor or these proceedings shall, immediately upon being provided with notice of this Order and without any prior communication with the Debtor, any Debtor Affiliates or any Affiliate Representative, grant the Receiver unfettered access to any such data, information or Records for the purpose of allowing the Receiver to recover and fully copy all such data, information and Records and shall provide the Receiver with instructions on the use of any applicable computer system or repository and with any and all access codes, passwords, account names, account numbers or other information that may be required to gain access to such computer system or repository.

7. **THIS COURT ORDERS** that the Debtor Affiliates, the Affiliate Representatives, and any other Persons on site at the Affiliate Premises shall cooperate fully with the Receiver in the exercise of its rights pursuant to this Order, the Receivership Order and the Access Order, and shall:

- (a) advise the Receiver of the existence at the Affiliate Premises of any Computer Systems and Records or Property of the Debtor or the Debtor Affiliates;
- (b) grant the Authorized Persons unfettered access to and use of the Computer Systems for the purposes set forth in this Order; and
- (c) provide the Authorized Persons with all such assistance in gaining immediate access to the Computer Systems as the Receiver may in its discretion require,

including providing the Authorized Persons with instructions on the use of the Computer Systems and any and all access codes, passwords, account names, account numbers or other information that may be required to gain access to the Computer Systems.

8. **THIS COURT ORDERS** that nothing in this Order shall require the delivery to the Receiver of records of the Debtor Affiliates which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client privilege or due to statutory provisions prohibiting such disclosure.

9. **THIS COURT ORDERS** that the authorizations set forth in this Order shall apply notwithstanding any lease, sublease or other arrangement pursuant to which the Debtor Affiliates may occupy the Affiliate Premises or any portion thereof.

10. **THIS COURT ORDERS** that, except with the prior written authorization of the Receiver or pursuant to further order of this Court, no Person, including the Debtor Affiliates and the Affiliate Representatives, shall alter, erase, destroy, transfer, interfere with or remove any data, information or digital or electronic records from the Computer Systems or the Affiliated Premises, notwithstanding the terms of any pre-existing document retention policy.

11. **THIS COURT ORDERS** that the Receiver is authorized and directed to forthwith review the records, documents and information it obtains from the Debtor Affiliates and the Affiliated Premises pursuant to this Order for the purposes of determining the records, documents and information that belong (or belonged) to the Debtor or relate (or related) to the business and affairs of the Debtor or the Lease Contracts that constitute a Purchased Asset (as such terms are defined in the Amended and Restated Consumer Lease Program Agreement dated as of November 12, 2015 between the Debtor and EcoHome Financial Inc. (the “**Program Agreement**”)) pursuant to the Program Agreement.

## **PRESERVATION OF DEBTOR ASSETS**

12. **THIS COURT ORDERS** that, without limiting anything in the Receivership Order, the Debtor Affiliates and the Affiliate Representatives shall not do any of the following except with the prior written authorization of the Receiver or pursuant to further order of this Court:

- (a) receive any Property (or former Property) of the Debtor or transfer or convey any Property (or former Property) of the Debtor to any Person, and shall promptly furnish to the Receiver any Property of the Debtor previously transferred or conveyed to the Debtor Affiliates or the Affiliate Representatives;
- (b) transfer or change any of the Debtor's accounts (or former accounts) or related access rights (or former access rights) with third party service providers or contact any Person for such purpose; or
- (c) contact or communicate with any Customer that is party to a Lease Contract that constitutes a Purchased Asset pursuant to the Program Agreement. If the Debtor Affiliates or the Affiliate Representatives receive an unsolicited communication (including any email or telephone communication) from any Customer or any other Person in respect of a Lease Contract, the Person receiving such unsolicited communication shall immediately inform the Receiver of such communication and the content thereof and the Receiver (or any Person designated by the Receiver) shall be solely permitted to contact or communicate with such Customer or other Person.

13. **THIS COURT ORDERS** that, until and including April 15, 2019 (as such date may be extended by the Court, the "**Restricted Period**"), no Debtor Affiliate or Affiliate Representative shall request that a notice of security interest under the *Personal Property Security Act* (Ontario) or any other personal property registry system (a "**NOSI**") be registered, altered or transferred, and no Person shall permit, effect, register or recognize the alternation or transfer of a NOSI in the name of the Debtor or a Debtor Affiliate, without the consent of the Receiver.

14. **THIS COURT ORDERS** that, during the Restricted Period, the Debtor Affiliates, and anyone else acting on their behalf or in conjunction with any of them, and any and all Persons



with notice of this injunction, are restrained from directly or indirectly, by any means whatsoever:

- (a) selling, removing, dissipating, alienating, transferring, assigning, encumbering or similarly dealing with any assets of the Debtor Affiliates, wherever situate;
- (b) instructing, requesting, counselling, demanding or encouraging any other Person to do so; or
- (c) facilitating, assisting in, aiding, abetting, or participating in any acts the effect of which is to do so.

15. **THIS COURT ORDERS** any bank, credit union or other financial institution having notice of this Order (collectively, the “**Banks**”) to forthwith freeze and prevent any removal or transfer of monies or assets of (i) the Debtor Affiliates held in any account or on credit on behalf of the Debtor Affiliates with the Banks or (ii) any proceeds held by any Person from the sale of the Debtor’s lease agreements to Simply Green or an affiliate thereof, until the expiry of the Restricted Period.

16. **THIS COURT ORDERS** that the Banks shall forthwith disclose and deliver to the Receiver any and all records held by the Banks concerning the Debtor Affiliates’ assets and accounts, including the existence, nature, value and location of any monies or assets or credit, whether situate, held by on behalf of the Debtor Affiliates with the Banks.

17. **THIS COURT ORDERS** that, notwithstanding paragraphs 15 or 16 or anything else to the contrary in this Order, the Debtor Affiliates shall be permitted to make (i) regularly scheduled payroll payments to employees of the Debtor Affiliates pursuant to *bona fide* employment arrangements in existence as of April 5, 2019 (which, for greater certainty, shall not include the payment of any bonuses or similar non-ordinary course payments), and (ii) such other payments as the Receiver may permit or may be ordered by this Court.

## COMEBACK AND OTHER PROVISIONS

18. **THIS COURT ORDERS** that the Debtor Affiliates may apply to this Court to vary or amend this Order on (i) April 15, 2019; (ii) on not less than 24 hours' notice to the Receiver and its counsel prior to April 15, 2019 with respect to paragraph 17 of this Order; or (iii) upon such other notice or at a 9:30 appointment on such date as may be specified by this Court.

19. **THIS COURT ORDERS** that the Receiver may apply to this Court at any time, with or without notice to the Debtor or any other party likely to be affected, to seek the addition of any Person as a Debtor Affiliate or Affiliate Representative, or any offices or premises as Affiliate Premises, for purposes of this Order.

20. **THIS COURT ORDERS** that the granting of this Order is without prejudice to the rights of the Receiver and EcoHome Financial Inc. arising out of the refusal or failure of any Person to comply with the Receivership Order or the Access Order.



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

APR 08 2019

PER / PAR: 

ECOHOME FINANCIAL INC.

Applicant

and

ECO ENERGY HOME SERVICES INC.

Respondent

Court File No. CV-19-614122-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST  
PROCEEDING COMMENCED AT TORONTO**

**ACCESS AND PRESERVATION ORDER**

**GOODMANS LLP**

Barristers & Solicitors  
333 Bay Street, Suite 3400  
Toronto, Canada M5H 2S7

Jason Wadden LSO# 46757M  
jwadden@goodmans.ca

Bradley Wiffen LSO# 64279L  
bwiffen@goodmans.ca

Tel: (416) 979-2211  
Fax: (416) 979-1234

Lawyers for the Receiver

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COUNSEL SLIPCOURT FILE NO CV-19-00614122-00CL

DATE

APR 10 2019NO ON LIST 2TITLE OF  
PROCEEDINGECONOME FINANCIAL  
INC.

V.

ECO ENERGY HOME SERVICES  
INC.

COUNSEL FOR:

PLAINTIFF(S)

APPLICANT(S)

PETITIONER(S)

Bradley Wiffen  
Goodmans LLP  
for the Receiver

PHONE &amp; FAX NOS.

T: 416-979-2211

F: 416-979-1234

COUNSEL FOR:

DEFENDANT(S)

RESPONDENT(S)

R D Howell  
for respondent

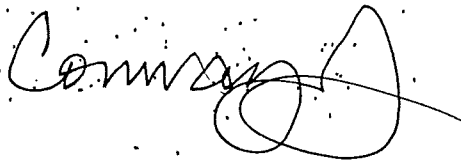
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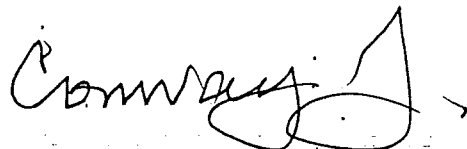
416 324 4286

April 10/19.

Endorsement to go on consent as per Sch A attached, establishing a process to <sup>Receivable approval of</sup> repayments by a Debtor's affiliate & other matters as set out herein. I have signed the Order extending the Restricted Period to April 30/19, also on consent.



April 15/19 <sup>930</sup> comeback date is no longer necessary in light of the above & is now vacated.



# Schedule A

Court File No. CV-19-614122-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

ECOHOME FINANCIAL INC.

Applicant

- and -

ECO ENERGY HOME SERVICES INC.

Respondent

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION  
243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c.  
B-3, AS AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE*  
*ACT*, R.S.O. 1990, c. C-43, AS AMENDED

## ENDORSEMENT

April 10, 2019

This is a comeback appearance in respect of the Access and Preservation Order dated April 8, 2019 (the “**Preservation Order**”) that I granted on an *ex parte* motion brought by RSM Canada Limited in its capacity as receiver (the “**Receiver**”) of Eco Energy Home Services Inc. (the “**Debtor**”).

Counsel to the Debtor and the Debtor Affiliates raised certain concerns regarding the Preservation Order. After discussions between the parties, I understand that the Receiver and the Debtor and Debtor Affiliates have agreed as follows:

1. The Debtor and Debtor Affiliates will provide the Receiver with the information requested by the Receiver in the Receiver’s Priority Request List dated April 9, 2019. The information will be provided on a rolling basis as soon as it is available and by no later than April 11, 2019.
2. Paragraph 17 of the Preservation Order permits a Debtor Affiliate to make such payments as the Receiver may permit or as may be ordered by the Court. Each of Greensaving Group Inc., Can-Service Inc., and 2586322 Ontario Inc. o/a Air Quality Dunrite (each a “**Specified Affiliate**”) intend to request, on an ongoing basis, the Receiver’s approval to make certain ordinary course payments necessary in the operation of its business. Each payment request

will be accompanied by information required by the Receiver to consider the request, including any supporting documentation. The Receiver will review each request and make a determination within 24 hours of receiving such request whether to consent to such payment pursuant to paragraph 17 of the Preservation Order.

3. If the Receiver does not consent to a particular payment requested by a Specified Affiliate, the applicable Specified Affiliate can bring a motion before this Court, on not less than three business days' notice, seeking the Court's authorization to make such payment.
  4. The Receiver shall have no obligation to consider or approve a payment authorization request until it receives the information requested in its Priority Request List.
  5. Any motion by the Debtor or a Debtor Affiliate to amend or modify the Preservation Order will be brought with not less than 7 days' notice to the Receiver.
  6. The "Restricted Period" as defined in the Preservation Order shall be extended to April 30, 2019.
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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**

IN BANKRUPTCY AND INSOLVENCY

MASTER *MILLS*

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)  
)

TUESDAY, THE 16<sup>TH</sup> DAY  
OF APRIL, 2019

IN THE MATTER OF THE BANKRUPTCY OF  
**ECO ENERGY HOME SERVICES INC.,**  
of the City of Toronto, in the Province of Ontario

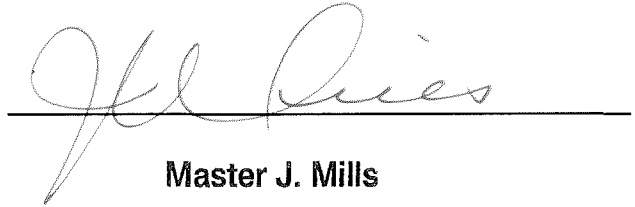
**BANKRUPTCY ORDER**

Upon the application of EcoHome Financial Inc. ("**EcoHome**"), a creditor, having an office in the City of Toronto, in the Province of Ontario, issued on the 21<sup>st</sup> day of March, 2019, and upon reading the Application for Bankruptcy Order, the Affidavit of Verification of Brent Houlden sworn the 20<sup>th</sup> day of March, 2019, the Affidavit of Service of Eunice Baltkois sworn the 22<sup>nd</sup> day of March, 2019, the Consent of RSM Canada Limited ("**RSM**") to act as trustee of the property of Eco Energy Home Services Inc. (the "**Debtor**"), and upon hearing submissions of counsel for EcoHome and such other parties as were present, and it appearing to the Court that the following act of bankruptcy has been committed:

- (a) that the Debtor ceased to meet its liabilities generally as they became due, in that it has failed to pay its obligations to the applicant creditor EcoHome;

1. **THIS COURT ORDERS** that the Debtor be adjudged bankrupt, and a bankruptcy order is hereby made against the Debtor on this date.

2. **THIS COURT ORDERS** that RSM, of the City of Toronto in the Province of Ontario, be appointed as trustee of the estate of the bankrupt Debtor.
3. **THIS COURT ORDERS** that the trustee give security in an amount to be fixed by the Official Receiver pursuant to subsection 16(1) of the *Bankruptcy and Insolvency Act* (Canada).
4. **THIS COURT ORDERS** that the costs of the applicant EcoHome be paid out of the assets of the estate of the bankrupt Debtor on taxation thereof.



Master J. Mills

District of Ontario  
Division No. 09 - Toronto  
Court No. 31-OR-208359-T

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE  
BANKRUPTCY OF **ECO ENERGY  
HOME SERVICES INC.**, of the City  
of Toronto, in the Province of Ontario

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**BANKRUPTCY ORDER**

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**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Suite 1800, Box 754  
181 Bay Street  
Toronto, ON M5J 2T9

Steven L. Graff (LSO # 31871V)  
Jeremy Nemers (LSO # 66410Q)  
Shakaira John (LSUC #72263D)

Tel: 416.863.1500  
Fax: 416.863.1515  
Lawyers for Royal Bank of Canada

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**Eco Energy Group Inc. and Debtor Affiliates**  
**Priority Request List**  
**April 9, 2019**

The following is a list of priority items requested by the Receiver pursuant to the existing Court orders. The Receiver will continue to seek additional information and records, including based on its review of the information to be provided below.

1. Confirmation of the bank account currently holding the \$1,229,044.24 received from Crown Crest on March 22, 2019.
2. Digital copies of all third-party verification calls.
3. Digital copies of all NOSIs held by Eco Energy, Global Eco, and Greensavings, including the name of the administrator for each NOSI.
4. Digital copies of all warranties, and an excel file which ties each warranty to a specific contract held by the Debtor or a Debtor Affiliate.
5. Administrative (complete and unfettered) access to all servers containing any information pertaining to the Debtor and/or the Debtor Affiliates.
6. Administrative access to all data backups, either local or off-site, pertaining to the Debtor and/or the Debtor Affiliates.
7. Administrative access to the CRM systems for Eco Energy, Global Eco, and Greensavings. We would also like a 'data dump' from these systems, showing all contracts under each entities' control.
8. Bank statements for every account held by the Debtor and all Debtor Affiliates. These statements should cover the period of January, 2018 through April 9, 2019.

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Name	Description	Amount
2360777 Ontario Inc.(Global)	2018 rental, insurance, 407 fee/ AN16630, BWMN617, BWMN619, BWMN386	-29,832.00
Raza Farooq	2018.11.1-2019.3.31 services	-16,724.00
Uho Kijima	2019.1-3 office clean/ Inv# uho201903	-2,400.00
WSIB	2019.1-3 WSIB/ 3532397	-1,053.72
Receiver General	2019.2 HST	-150,518.43
Receiver General (AB)	2019.2 HST	-403.28
Receiver General (MB)	2019.2 HST	-14.16
D & G Enterprise	2019.3 rent fee	-10,170.00
Employee payroll	2019.3.4-17 Hamilton Office	-4,082.38
Employee payroll	2019.3.9-22 Head office	-20,068.07
Liftow Ltd	Auto & Delivery Expense	-506.17
Denis Mtui	Commission	-2,969.49
Miao Ling Huang	Commission	-753.00
Ontario Green Home Solutions Inc.	Commission	-1,808.00
Wang, Meng	Commission and technician fee November 2018-Marc2019	-16,074.25
1773069 Ontario Ltd.	Commission FEB,22-FEB,28,2019	-18,080.00
Amirreza Moini	Commission, Invoice#116	-2,260.00
Amelia Thornton	Customer Rebate	-800.00
GLEN CAMPBELL	Customer Rebate	-800.00
Pushp Singh	Customer Rebate	-800.00
Sharon Van Norman	Customer Rebate	-800.00
Goldberg Management Group	Hamilton office rental fee 2019.4	-1,550.00
New World Insurance Services Ltd	Insurance	-964.44
Eco to Global	intercompany payment	-27,337.75
Eco to Fleet (deposit in Global)	intercompany payment	-2,095.62
Eco to IP	intercompany payment	-37,033.50
3D Network Technology	IT service fee	-12,430.00
Dale & Lessmann LLP in Trust	Lawyer fee	-4,793.91
Leung & Company	management accounting fee	-31,640.00
2445637 ONTARIO LIMITED	Marketing Research Service	-8,436.58
Imageworks Print & Prepress	Office expenses	-786.98
RBC39528 to AE12001	Paid credit card	-11,902.20
2019.3 AE91002 statement/ RBC39528 to AE91002	Paid credit card	-9,160.07
RBC39528 to Visa9971	Paid credit card	-421.55
RBC39528 to Visa0718	Paid credit card	-1,188.04
RBC39528 to Visa0148	Paid credit card	-170.94
RBC39528 to Visa5544	Paid credit card	-39,774.60
return loan	RBC loan	-514,250.00
Can Service	Service fee	-6,017.39
Hi-Pro Heating Inc.	Service fee	-288.15
Jianqing Ye	Service fee for H.O -Feb16-28 2019	-1,169.60
Best Home Heating & Cooling Ltd.	Technician fee	-1,469.00
Meileju Canada Ltd	Technician fee	-2,683.75
Air Efficiency Corp.	Technician fee	-203.40
Dewei Ran	Technician fee	-24,912.50
Jian Shi	Technician fee	-2,124.40
Simon House Repair Inc.	Technician fee	-1,412.50
Super Comfort Home Services Inc.	Technician fee	-5,452.25
Bell Canada	Telephone and Internet	-409.87
Rogers	Telephone and Internet	-123.25
Lennox	Vendor equipment	-56,876.24
Michael loan to Eco, return loan		-100,000.00
GS cx(Acfurnace GTA) email trf to Eco, Eco return to GS		-4,355.02
<b>Total</b>		<b>-1,192,350.45</b>

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## EXTENSION AND STANDSTILL AGREEMENT

THIS AGREEMENT made this 25<sup>th</sup> day of April, 2019.

BETWEEN:

**CROWN CREST FUNDING CORP.**, in its capacity as trustee of  
**CROWN CREST CAPITAL TRUST**

(**"CCCT"**)

- and -

**2360777 ONTARIO INC.** dba Global Eco Energy Group

(**"Global Eco"**)

- and -

**RSM CANADA LIMITED**, solely in its capacity as court-appointed receiver and manager of **ECO ENERGY HOME SERVICES INC.** (**"Eco Energy"**) and not in its personal or corporate capacity

(in such capacity, the **"Receiver"** and together with CCCT and Global Eco, the **"Parties"**)

**WHEREAS** CCCT, as purchaser, and Global Eco, as vendor, entered into a master assignment and program agreement dated as of March 15, 2019 (the **"Program Agreement"**), providing for the purchase by CCCT of Global Eco's rights, interests and obligations in and to certain Assigned Contracts (as defined therein), to be sold from time to time in accordance therewith;

**AND WHEREAS** in order to ensure an orderly transition of the administration of the Assigned Contracts to CCCT, and as a condition to consummating the transactions and conveyances contemplated by the Program Agreement (collectively, the **"Transaction"**), CCCT and Global Eco entered into a transition services agreement dated as of March 11, 2019 (the **"Transition Services Agreement"**);

**AND WHEREAS** on application by Ecohome Financial Inc., as creditor of Eco Energy (the **"Creditor"**), bearing Court file number CV-19-614122-00CL, the Ontario Superior Court of Justice (Commercial List) (the **"Court"**) appointed the Receiver as receiver and manager over all the assets, undertakings and properties of Eco Energy pursuant to the Order of Justice Conway dated April 3, 2019;

**AND WHEREAS** the Receiver has identified certain concerns with respect to the Transaction, including that Eco Energy or other persons may have rights and interests in certain of the Assigned Contracts and that the Transaction may have been completed at undervalue as is it relates to such Assigned Contracts;

**AND WHEREAS** without prejudice to their rights in relation to the Transaction and/or under the Program Agreement, CCCT and Global Eco have agreed to cooperate with the Receiver in relation to certain investigations that are currently ongoing between the Parties

regarding certain of the Assigned Contracts which were purported to be sold, transferred and assigned by Global Eco to CCCT under the Program Agreement;

**AND WHEREAS** subject to approval of this agreement (this “**Agreement**”) by the Court, CCCT, Global Eco and the Receiver wish to, among other things, extend and amend the terms of the Transition Services Agreement and preserve the rights of all Parties with respect to the Transaction pending completion of such further review and discussion by and between the Parties;

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and covenants and agreements of the Parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the Parties), the Parties hereby covenant and agree as follows:

## **1. INTERPRETATION**

- 1.1 All initially capitalized terms used in this Agreement, including the recitals, that are defined in the Transition Services Agreement and not otherwise defined in this Agreement have the meanings specified in the Transition Services Agreement.
- 1.2 Unless expressly stated otherwise, all references herein to sections or schedules of an agreement other than this Agreement shall be to sections or schedules of the Transition Services Agreement.
- 1.3 Section headings in this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

## **2. AMENDMENTS TO THE TRANSITION SERVICES AGREEMENT**

- 2.1 **End Date.** Section 1.1(d) of the Transition Services Agreement is hereby modified by deleting the current provision in its entirety and replacing it with the following:

“Subject to Section 2.1 and 2.2, the obligations of the Vendor under this Agreement to provide the Services shall terminate with respect to the Services on June 28, 2019 or such other date as may be (i) agreed to by the Vendor, the Purchaser, and RSM Canada Limited in its capacity as court-appointed receiver and manager of Eco Energy Home Services Inc. (the “**Receiver**”), or (ii) ordered by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) (the “**End Date**”).”

- 2.2 **Breach.** Section 2.1 of the Transition Services Agreement is hereby modified by adding the following sentence at the end of Section 2.1:

“Any notice delivered by a Non-Breaching Party to a Breaching Party pursuant to this Section 2.1 shall concurrently be delivered by the Non-Breaching Party to the Receiver.”

- 2.3 **Termination by Purchaser.** Section 2.2 of the Transition Services Agreement is hereby modified by deleting the current provision in its entirety and replacing it with the following:

“The Purchaser may terminate this Agreement at any time upon seven (7) business days’ prior written notice to the Vendor and the Receiver, which notice shall be provided in accordance with Section 5.1 of this Agreement and notice to the Receiver shall

delivered by email in accordance with the notice provisions set forth in the Extension and Standstill Agreement dated as of April 25, 2019.”

- 2.4 **Data Transfer Obligations Suspended.** Notwithstanding any term of the Transition Services Agreement, Global Eco shall not transfer data, information or other materials related to the Assigned Contracts or to take any actions to transfer or migrate the Assigned Contracts to CCCT until the occurrence of any of the following events: (i) Global Eco receives a joint written notice from the Receiver and CCCT confirming that (A) the issues among the Receiver, the Creditor, Eco Energy and CCCT in respect of the Assigned Contracts have been finally resolved, and (B) Global Eco is authorized to recommence the transfer of such data, information and other materials related to the Assigned Contracts in accordance with the Transition Services Agreement; or (ii) the Court orders Global Eco to recommence the transfer of such data, information and other materials related to the Assigned Contracts.
  - 2.5 **Servicing Obligations Ongoing.** The obligations of Global Eco under the Transition Services Agreement in connection with the servicing of the Assigned Contracts, including all billing and collection activities, shall continue uninterrupted through the End Date under the Transition Services Agreement (as such End Date is revised and extended pursuant to this Agreement, and as it may be further extended, the “**Revised End Date**”), and shall include providing notification to Enbridge Gas Distribution Inc. (“**Enbridge**”), prior to May 1, 2019 of its continuing billing through the OBA program of Enbridge-billed clients, at Global Eco’s sole expense.
  - 2.6 **Customer Buyouts.** Until the Revised End Date, neither CCCT nor Global Eco shall undertake, complete or effect a customer buyout in respect of any Assigned Contract without prior written notice to the other Parties to this Agreement. Any buyout completed for less than the maximum contractual entitlement set forth in such Assigned Contract shall also require the prior written consent of the Parties to this Agreement, such consent not to be unreasonably withheld. Notwithstanding anything to the contrary in this Agreement, all proceeds from a customer buyout shall be deposited into a Blocked Account as defined in Section 4.1 hereof.
- 3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF GLOBAL ECO**
- 3.1 Global Eco hereby represents and warrants that it has the resources and infrastructure to continue handling the contract servicing obligations through the Revised End Date, including, managing any and all billing and collections, customer buyouts, customer complaints, servicing inquiries and customer warranty claims.
  - 3.2 Global Eco hereby covenants and agrees to continue the billing and collections through the Revised End Date, and to notify Enbridge, prior to May 1, 2019 of its continuing billing through the OBA program of Enbridge billed clients.
  - 3.3 Global Eco hereby covenants and agrees to provide regular updates as to billings, collections and buyouts to CCCT and the Receiver, and consents to CCCT sharing any and all information in relation to the Assigned Contracts or the Transaction with the Receiver.

#### **4. PROCEEDS HELD IN TRUST**

4.1 Each of CCCT, Global Eco and the Receiver acknowledge and agree that any and all proceeds in connection with the Assigned Contracts, including any customer buyouts, shall continue to be held in one of the following blocked accounts (collectively, the **"Blocked Accounts"**):

- (a) Royal Bank of Canada, transit number: 03012, account number 1039528;
- (b) TD Bank, transit number: 01277, account number 0698-5260275; and
- (c) such other bank accounts as the Parties may identify that are currently being used to receive monthly or other payments in respect of any Assigned Contracts.

No funds shall be disbursed from the Blocked Accounts except pursuant to a written agreement between CCCT and the Receiver or order of the Court.

#### **5. STANDSTILL PROVISIONS**

5.1 CCCT and Global Eco shall not amend or modify the Transition Services Agreement, the Program Agreement, or any other document, agreement or conveyance delivered in connection with the Transaction (collectively, the **"Transaction Documents"**) from and after the date hereof without the prior written consent of the Receiver.

5.2 Until the Revised End Date, no Party shall sell, transfer, assign, convey or encumber any Assigned Contracts or any right or interest therein without the written consent of the other Parties.

5.3 In accordance with the amendments to Sections 2.1 and 2.2 of the Transition Services Agreement pursuant to this Agreement, the Receiver shall receive prior written notice of the termination of the Transition Services Agreement in accordance with Sections 2.1 and 2.2 of the Transition Services Agreement, as amended. Upon receipt of any such notice and prior to any termination of the Transition Services Agreement, the Receiver shall be permitted to seek relief from the Court with respect to such pending termination, including an order providing that such termination shall not occur or shall be undertaken on terms ordered by the Court, and the Transition Services Agreement shall not be terminated pending the Court's determination of the issue without the prior written consent of the Receiver.

5.4 Without limiting any other provision of this Agreement and notwithstanding anything to the contrary in the Transition Services Agreement, CCCT and Global Eco shall not, without the prior written consent of the Receiver or order of the Court, take any steps or actions to effect the purchase of additional Lease Contracts (as defined in the Program Agreement) or to transition the Assigned Contracts from Global Eco to CCCT. Without limiting the generality of the foregoing, (a) Global Eco shall not deliver a Purchase Request (as defined in the Program Agreement) to CCCT, (b) neither CCCT nor its affiliates, nor their representatives or agents, shall contact or communicate with customers under the Assigned Contracts, and (c) neither CCCT nor Global Eco, nor their representatives or agents, shall effect or request any other person to effect a transfer of or modification to any notice of security interest, financing statement or other like instrument relating to an Assigned Contract.

- 5.5 CCCT confirms that it continues to hold the Holdback Amount (as defined in the Program Agreement) in the amount of \$138,289.08 and acknowledges and agrees that, notwithstanding anything to the contrary in the Transaction Documents, it shall not take any action with respect to the Holdback Amount, including effecting any disbursement, credit, deduction or set-off in respect of the Holdback Amount for the benefit of CCCT or any other person, except pursuant to agreement between CCCT and the Receiver or order of the Court.
- 5.6 Notwithstanding (i) anything to the contrary in the Transaction Documents, (ii) any termination of the Transition Services Agreement in accordance with the terms thereof, or (iii) any actions taken by CCCT (or any affiliate thereof), Global Eco (or any affiliate thereof), the Receiver, Eco Energy (or any affiliate thereof) or the Creditor prior to the date of this Agreement or pursuant to this Agreement, CCCT, Global Eco, the Receiver, RSM Canada Limited in its capacity as bankruptcy trustee of Eco Energy (in such capacity, the "**Trustee**"), Eco Energy and the Secured Creditor reserve all of their rights, remedies and causes of action with respect to the Transaction, including without limitation all rights of the Trustee to seek relief with respect to the Transaction pursuant to sections 95 to 98.1 of the *Bankruptcy and Insolvency Act*, the *Assignment and Preferences Act* (Ontario) and the *Fraudulent Conveyances Act* (Ontario), and all such rights, remedies and causes of action are expressly preserved. The Trustee and the Secured Creditor, though not parties to this Agreement, shall be entitled to the benefit of this Section 5.5.

## **6. OTHER DOCUMENTS**

- 6.1 Any reference to the Transition Services Agreement made in any documents delivered pursuant thereto or in connection therewith shall be deemed to refer to the Transition Services Agreement as amended, extended, modified, renewed or supplemented from time to time, including as amended by this Agreement, unless the context otherwise requires.

## **7. MISCELLANEOUS**

- 7.1 Except for the specific changes and amendments provided for in this Agreement, the Transition Services Agreement shall be read, taken and construed as one and the same instrument and remains in full force and effect, subject to the terms of this Agreement.
- 7.2 If there is any inconsistency or conflict between the terms of this Agreement and the terms of any Transaction Document, the provisions of this Agreement shall prevail to the extent of the inconsistency, other than as may be specifically contemplated herein.
- 7.3 The execution and delivery of this Agreement and the rights and obligations created hereby are conditional upon the approval of the Agreement by the Court.
- 7.4 Subject to the terms of this Agreement and CCCT's obligations hereunder, CCCT has not waived, and is not by this Agreement, waiving, and has no intention of waiving, any event of default which may be continuing on the date hereof, or any other breach which may occur after the date hereof (whether the same as or similar to the existing defaults or otherwise) and hereby reserves the right, in its sole and unfettered discretion but subject to this Agreement and any order of the Court, to exercise any or all of its rights or remedies under any one or more of the Program Agreement, Transition Services

Agreement and other applicable law as a result of any event of default which has occurred or any breach which may occur after the date hereof.

- 7.5 No Party hereto shall take any action through any affiliate, principal, agent, or other representative of such Party that such Party is prohibited from undertaking directly pursuant to this Agreement.
- 7.6 Each of the Parties acknowledges and declares that: (a) it has had an adequate opportunity to read and consider this Agreement and to obtain such advice in regard to it as it considers advisable, including, without limitation, independent legal advice; (b) it fully understands the nature and effect of this Agreement; and (c) this Agreement has been duly executed voluntarily.
- 7.7 Any notice to be provided to the Receiver pursuant to this Agreement or the Transition Services Agreement shall be delivered by email to Bryan Tannenbaum (bryan.tannenbaum@rsmcanada.com) and Jeffrey Berger (jeff.berger@rsmcanada.com), with a copy (which shall not constitute notice) to Bradley Wiffen of Goodmans, LLP, counsel to the Receiver (bwiffen@goodmans.ca).
- 7.8 This Agreement shall enure to the benefit of and be binding upon the Parties, their successors and any permitted assigns.
- 7.9 This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Counterparts may be executed electronically and delivered by e-mail, facsimile or other electronic means.
- 7.10 None of the rights or obligations hereunder shall be assignable or transferable by any party without the prior written consent of the other Parties to this Agreement.
- 7.11 This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by their authorized signatories as of the date first above written.

**CROWN CREST FUNDING CORP.**, in its  
capacity as trustee of  
**CROWN CREST CAPITAL TRUST**

Per: \_\_\_\_\_  
Name:  
Title:

**2360777 ONTARIO INC.** d.b.a Global Eco  
Energy Group

Per: \_\_\_\_\_  
Name:  
Title:

**RSM CANADA LIMITED**, solely in its  
capacity as court-appointed receiver of  
**ECO ENERGY HOME SERVICES INC.**  
and not in its personal or corporate  
capacity

Per: \_\_\_\_\_  
Name:  
Title:

Per: \_\_\_\_\_  
Name:  
Title:

K



📧 Reply all | ▼ 🗑 Delete Junk | ▼ ...

## Re: Greensaving 2018 FS

TT

Tony Tam

Fri 2/1, 12:15 PM

ben@leungandcompany.ca; David Ouyang ✉

📧 Reply all | ▼

David Email

Sorry please delete this email

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**From:** ben@leungandcompany.ca  
**Sent:** Friday, February 1, 2019 10:36 AM  
**To:** Tony Tam; David Ouyang  
**Subject:** Re: Greensaving 2018 FS

In Canada

A company is bankrupted, which does not imply the director Bankrupt as well. For certain trust worth business, such as accountant, etc, cannot operate any business after bankrupt.

Regards

Ben

On Fri, 1 Feb 2019 15:31:32 +0000, Tony Tam wrote:

Hi Ben

Is the name of director of an bankrupted company searchable in company registry (公司)册  
BMO may not grant their line of credit or will call back their loan based on that

In Hong Kong 破b人 cannot be a Company Director, not sure about 破a公司的董事。 We may need to think of switching director (who?) of affiliated companies. AQD should add my name as Director and David resigns as Director to lower the risk

EcoHome may go after David personal because of inappropriate handling of fund (switching EcoHome customers cash receipt) and moving inventory (took out equipment from company with no record) when receiver comes in

Thanks

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L

Due to continued restructuring, we have changed our domain name for the following communication listed below effective immediately;

Eco Energy Home Services Inc. & Global Eco Energy Group related requests to buyout, assumption or postponement - new email address to send emails to: [payout@greensaving.ca](mailto:payout@greensaving.ca)  
Eco Energy Home Services Inc. related requests service/installation - new email address to send emails to: [service@greensaving.ca](mailto:service@greensaving.ca)

Global Eco Energy Group related requests service/installation - new email address to send emails to: [service@globalecoenergygroup.com](mailto:service@globalecoenergygroup.com)

Other future changes will be communicated when setup has been completed.

If you have any questions, please email me at your earliest convenience.

Thank you,

Bianca Myles-Jansen | Executive Assistant to President



TOLL-FREE: 1 (888) 676-4822 DIRECT: (647) 503-2010 Ext. 3002

[www.greensaving.ca](http://www.greensaving.ca) | [b.myles-jansen@greensaving.ca](mailto:b.myles-jansen@greensaving.ca)

M

Reply all | ▾ Delete Junk | ▾ ...

✕

## Re: Eco Energy - 2018 FS

JZ

Jenny Zhong <jenny@leungandcompany.ca>

Sat 3/23, 9:48 AM

Jacky Jiang; ben@leungandcompany.ca; David Ouyang; Tony Tam ✕

Reply all | ▾

David Email

Eco Energy - FS 2018.pdf ▾

232 KB

✓ Show all 1 attachments (232 KB) Download Save to OneDrive - Eco Energy Home Services

Hi Jacky,

Please see revised Eco Energy 2018 FS.

Regards,

Jenny

Tel: 416-438-9933 Ext. 107

On Fri, 22 Mar 2019 15:07:14 -0400, Jacky Jiang wrote:

Hi Jenny,

Attached please find the adjustment entries below:

Description	Account	Debit	Credit
Reclassification adjustment	Due to shareholder	92,468.08	
Reclassification adjustment	Due from D&G Enterprise		92,468.08

8

Thanks,  
Jacky

N

## RE: Loan

Tony Tam

Mon 2019-01-28 3:16 PM

To: David Ouyang &lt;douyang@ecoenergyhs.ca&gt;;

Cc: ben@leungandcompany.ca &lt;ben@leungandcompany.ca&gt;;

David

Per our conversation, I am putting below in writing and Ben please see if below is legal

1. David obtains a personal loan (e.g. 460,000)
2. Give \$460,000 to Greensaving, Global etc. as a shareholder loan owes to David
3. Greensaving, Global etc. will use the fund to pay Eco Energy
4. The \$460,000 Cash payment goes directly to the Eco Energy Line of credit (not checking account)
5. The line of credit will become zero
6. Intercompany AR will reduce by \$460,000
7. Switch the line of credit from Eco Energy to D&G (see below email)
8. D&G obtains \$460,000 cash from the Line of credit
9. D&G lends \$460,000 cash, to Greensaving, Global etc.
10. Greensaving, Global etc. payback the shareholder loan to David

Instead of Greensaving & Global owes Eco Energy money, Greensaving & Global are now owing D&G money

Tony

---

From: Tang, Shan <shan.tang@rbc.com>  
Sent: January-28-19 10:11 AM  
To: Tony Tam <tony.tam@ecoenergyhs.ca>  
Cc: David Ouyang <douyang@ecoenergyhs.ca>; ben@leungandcompany.ca  
Subject: RE: Loan

Hi Tony,

Thanks for the question.

Usually the operating line of the credit is for supporting company's operating cash flow gap and would need to be associated with the operating company profile where the operating bank accounts (eg. Account to receive AR deposits, payment account to pay suppliers) belong to.

For confirmation, I will review your question with our credit approval department. This will mostly likely require their acknowledgement should we be able to make the exception.

I will get back to you soon.

Thanks,

O



## RE: PPSA Searches for Eco Energy Home Services Inc.

Jane Woo &lt;jwoo@afarber.com&gt;

Fri 2019 01 25 3:33 PM

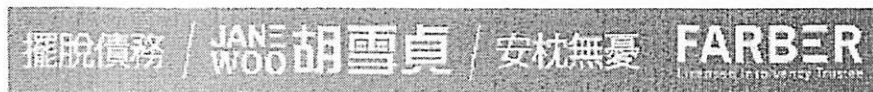
To: Tony Tam <tony.tam@ecoenergyhs.ca>; Ingrid Wong <iwong@afarber.com>; David Ouyang <douyang@ecoenergyhs.ca>;  
Cc: 'faddyleung16@gmail.com' <faddyleung16@gmail.com>; Ingrid Wong <iwong@afarber.com>;

yes

Jane Woo, B.Comm, CIRP, LIT  
Licensed Insolvency Trustee | Partner  
T: +1 (416) 496-3502  
afarber.com



Main Office: 1220 Sheppard Avenue East, Suite 300, Toronto, Ontario, Canada M2K 2S5



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**From:** Tony Tam [mailto:tony.tam@ecoenergyhs.ca]  
**Sent:** January 25, 2019 2:58 PM  
**To:** Ingrid Wong <iwong@afarber.com>; David Ouyang <douyang@ecoenergyhs.ca>  
**Cc:** 'faddyleung16@gmail.com' <faddyleung16@gmail.com>; Jane Woo <jwoo@afarber.com>  
**Subject:** RE: PPSA Searches for Eco Energy Home Services Inc.

Hi Ingrid

Does it mean Eco Home as priority over RBC?

Thanks

**From:** Ingrid Wong <iwong@afarber.com>  
**Sent:** January-25-19 12:19 PM  
**To:** David Ouyang <douyang@ecoenergyhs.ca>; Tony Tam <tony.tam@ecoenergyhs.ca>  
**Cc:** 'faddyleung16@gmail.com' <faddyleung16@gmail.com>; Jane Woo <jwoo@afarber.com>  
**Subject:** PPSA Searches for Eco Energy Home Services Inc.

Hi all,

Further to our discussion at the meeting, please find attached PPSA report for the above noted corporation. As it appears, Eco Home Financial Inc. was registered on 2014/11/10 as a secured party, whereas RBC was registered on 2015/04/23.

P

4/17/2019

Roundcube Webmail :: FW: questions to your law group

Subject **FW: questions to your law group**  
From David Ouyang <douyang@greensaving.ca>  
To 'Tang, Shan' <shan.tang@rbc.com>  
Date 2019-03-28 16:16



Hi Shan,

I sent you the email below but bounced back, just re-send to you.

Thanks,

David Ouyang | President



4438 SHEPPARD AVE EAST #311, SCARBOROUGH, ON, M1S-1V2

TOLL-FREE: 1 (888) 576-4822 | DIRECT: (416) 988-4687

[www.greensaving.ca](http://www.greensaving.ca) | [douyang@greensaving.ca](mailto:douyang@greensaving.ca)



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**From:** David Ouyang [mailto:douyang@greensaving.ca]  
**Sent:** Thursday, March 28, 2019 5:04 PM  
**To:** 'Tang, Shan' <shan.tang@rbc.com>  
**Subject:** questions to your law group

Hi Shan,

My questions are as follows,

Eco Home has PPSA before RBC, I paid RBC loan first and not pay Eco Home, can they claw back the amount paid to RBC?

RBC line of credit account is zero now, can you please Lock the line of credit?