

SUPREME COURT OF PRINCE EDWARD ISLAND

BETWEEN:

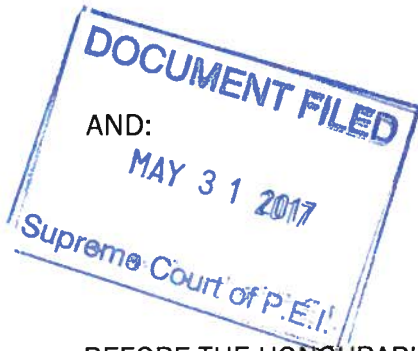
BANK OF NOVA SCOTIA

APPLICANT

AND:

SILVER HILL FUR FARM LTD.

RESPONDENT



BEFORE THE HONOURABLE
JUSTICE GORDON L. CAMPBELL

DATED the 31st day
of May, 2017.

PRESERVATION OF PROPERTY ORDER NUMBER TWO

WHEREAS this Court granted the Initial Receivership Order and a companion Cooperation Order on March 29, 2017 in relation to the Respondent wherein Ernst & Young Inc. was appointed receiver and receiver manager (the “**Receiver**”) of all the Respondent's assets, undertakings and properties (collectively, the “**Property**”);

AND WHEREAS this Court granted a further order on May 17, 2017 (the “**Preservation of Property Order**”) in relation to the assets and undertaking of Casey Gavin, Leigh Gavin, Rose Gavin, Joyce-Ann Gavin and Gavco Fishing Enterprises Ltd. (“**Gavco**”) and Bullwinkle Fisheries Ltd. (“**Bullwinkle**”) on an interim basis until a further hearing scheduled for May 29, 2017 at 11:00 a.m. (the “**Comeback Hearing**”);

AND UPON Casey Gavin, Leigh Gavin, Rose Gavin, Joyce-Ann Gavin, Jamie Gavin, Gavco and Bullwinkle (collectively, the “**Gavin Parties**”) and the Receiver consenting at the Comeback Hearing that the Preservation of Property Order shall remain in place until further Order of this Court subject to the modifications set out herein;

AND UPON being satisfied that the granting of this Order will assist in the orderly administration of the Receivership proceedings and the orderly operation of Gavco and Bullwinkle;

THIS COURT ORDERS THE FOLLOWING:

1. The Preservation of Property Order shall continue to apply in all respects except that:
 - a. each of Gavco and Bullwinkle (collectively, the **"Corporations"**) may make use of the funds in their respective accounts maintained at the Tignish Credit Union (collectively, the **"Tignish Accounts"**, Gavco account numbers 09590-10-, 09590-119 and 09590-129 and Bullwinkle account number 12051-107) in accordance with normal business practice for the purpose of paying standard operating expenses associated with their fishing operations (**"Operating Expenses"**) including employee wages and associated employee remittances, equipment lease payments, fuel, bait, licensing fees and maintenance, which Operating Expenses will not exceed \$50,000.00 per Corporation without the written consent of the Receiver or further Order of the Court;
 - b. the Corporations shall not maintain or make use of any chequing, saving, deposit or other accounts with any financial institution or organization other than the Tignish Accounts;
 - c. the Corporations shall not make any payments to any other Gavin Parties, any shareholder, any officer or any director even if such payment could be classified as an Operating Expense save and except Gavco may pay Jamie Gavin a gross salary of \$1,000.00 per week or in such amount consented to by the Receiver or ordered by the Court;
 - d. the Corporations shall not issue any dividends or record a transfer of the shares held in them respectively or engage in any reorganization, sale or other transaction related to its assets or operations that would reduce the value of the Corporations or the shares held in either of them; and

e. the Gavin Parties may make use of funds available to them to retain and pay for legal counsel to represent their respective interests in this or any related legal proceeding as follows:

- i. in respect of the Corporations, Leigh Gavin, Rose Gavin and Jamie Gavin collectively, the cumulative amount of \$25,000.00 may be paid in trust with their legal counsel as a retainer for the provision of legal services;
- ii. in respect of Casey Gavin and Joyce-Ann Gavin collectively, the cumulative amount of \$10,000.00 may be paid in trust with their legal counsel as a retainer for the provision of legal services

(collectively, the “**Legal Retainers**”)

- iii. legal counsel to the Gavin Parties shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, and shall pass their respective accounts from time to time on notice to the Receiver and, for this purpose, the accounts of such legal counsel are hereby referred to the Clerk of the Court of Supreme Court of Prince Edward Island in accordance with the Rules; and
- iv. prior to the passing of their accounts, legal counsel to the Gavin Parties shall be at liberty from time to time to apply reasonable amounts out of the Legal Retainers against their respective legal fees and disbursements, incurred at the normal rates and charges of such counsel, for legal services provided after the date of the issuance of the Preservation of Property Order, and have the Legal Retainers replenished to the respective amounts set out herein.

2. The Receiver may request and the Corporations shall supply all account statements and other banking records for the Tignish Accounts (collectively, the “**Banking Records**”) from the date hereof until further Order of the Court. The Receiver may also request the Banking Records directly from the Tignish Credit Union who is hereby authorized to provide same.

3. The Corporations shall promptly provide the Receiver with a copy of receipts, invoices and other business records related to any transaction listed on the Banking Records on request.
4. Any Person affected by this Order which did not receive notice in advance of the hearing of the initial motion may apply to this Court to vary or amend this Order within five (5) days of such Person being served with a copy of this Order.

(SGD.) Gordon L. Campbell
J.

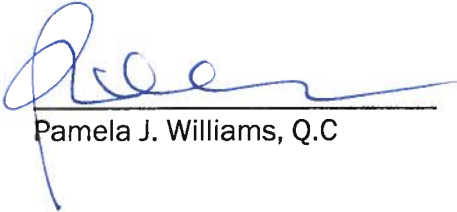
J.

CONSENTED TO IN FORM AND SUBSTANCE

This 30 day of May, 2017 by counsel to Gavco Fishing Enterprises Ltd. Bullwinkle Fisheries Ltd., Leigh Gavin, Rose Gavin, Jamie Gavin, Casey Gavin and Joyce-Ann Gavin,


D. Brandon Forbes as counsel to the above noted parties but only on the limited retainer with respect to Casey Gavin and Joyce-Ann Gavin which is for the sole purpose of attending to the issuance of this Order and the consent of those parties thereto

This 30 day of May, 2017 by counsel to the Court Appointed Receiver


Pamela J. Williams, Q.C

Court File No. S1-GS-27628

BANK OF NOVA SCOTIA v. SILVER HILL FUR FARM LTD.

SUPREME COURT OF PRINCE EDWARD ISLAND

PROCEEDINGS COMMENCED AT
CHARLOTTETOWN

**CONSENT INTERIM PRESERVATION OF
PROPERTY ORDER**

COX & PALMER
Dominion Building
97 Queen St., Suite 600
Charlottetown, PE C1A 4A9

Per: Pamela J. Williams and Josh McElman