

**IN THE MATTER OF A HEARING AND REVIEW UNDER s.28 OF
THE *SECURITIES ACT*, R.S.B.C. 1996, c.418
AND
IN THE MATTER OF THE TSX VENTURE EXCHANGE INC. AND
INSPIRA FINANCIAL INC.**

NOTICE OF APPLICATION FOR HEARING AND REVIEW

TAKE NOTICE that under sections 27 and 28 of the *Securities Act*, R.S.B.C. 1996, c. 418 (the "Act"), TerraNova Partners LP ("TerraNova") and Aventine Management Group Inc. ("Aventine" and together with TerraNova, the "Concerned Shareholders") collectively apply for a review of the decision (the "Decision") of the TSX Venture Exchange ("TSXV") approving the acquisition ("the Acquisition") by Inspira Financial Inc. ("Inspira" or the "Company") of RBP Healthcare Technologies ("RBP").

FURTHER TAKE NOTICE that the Concerned Shareholders, as defined below, seek the following relief:

- (a) Pursuant to sections 27 and 28 of the Act, an order overturning the Decision;
- (b) A stay of the Decision pursuant to sections 28(1) and 165 of the Act or, in the alternative, a temporary order pursuant to section 161(2) of the Act, effective immediately, such that the Company be ordered to refrain from acts in furtherance of the impugned trades by issuing the Dividends (as defined below) until such time as the Commission determines the issues herein;
- (c) An order:
 - (i) For an expedited hearing to ensure the issues determined herein are addressed in a manner that does not unduly impact the Company's affairs;
 - (ii) That Inspira disclose all aspects of the Acquisition including but not limited to:

- (1) the Purchase Agreement;
- (2) a list of direct or beneficial holders of RBP (both pre and post amalgamation);
- (3) the bylaws and date of incorporation of RBP (both pre and post amalgamation);
- (4) any and all financial statements, *pro forma* or otherwise, of RBP;
- (5) any valuations of RBP's assets, and to the extent no such valuations exist, an explanation as to why that is the case;
- (6) records of the Company, including directors' meetings, setting out the basis for the Acquisition, the rationale for the fair value consideration proposed to be paid and the changes made to the consideration payable;
- (7) fees paid or to be paid, actual or contingent, in cash or otherwise, by Inspira, RBP or any related entity to any parties (collectively, the "Advisors") in connection, directly or indirectly, with the proposed acquisition, and the identity of those Advisors; and
- (8) any current or prior relationship between Inspira, RBP, any advisors, and any current or prior directors, officers, employees, shareholders (director or beneficial) or advisors of any such parties.

II. OVERVIEW

2. The Concerned Shareholders have serious concerns that the information provided by Inspira to the TSXV was misleading and/or inaccurate.

3. TerraNova has obtained evidence, set out in further detail below, suggesting that:

- (a) the parties involved in the Acquisition were not at arm's length; and
- (b) RBP was in essence a dormant corporate shell previously related to Inspira insiders.

4. On that basis, the Concerned Shareholders question whether the TSXV had complete or adequate information upon which to make the decision to approve the Acquisition.

5. The Concerned Shareholders therefore seek the assistance of this Commission to allow all of the shareholders of the Company (the "Shareholders"), to properly assess and understand the course of events that led Inspira to purchase a company with significant ties to many of the Company's own insiders without the requisite protections afforded by applicable corporate and securities laws.

6. There is significant urgency to this matter as the Company is set to pay a special dividend and a quarterly dividend (collectively, the "Dividends") on December 1 and November 30, 2016, respectively. The special dividend was only announced on November 14, 2016 around the close of the Acquisition. The Dividends will be paid to individuals who participated in the Acquisition. Those funds are unlikely to be recoverable in the event that the Acquisition is deemed to have been conducted improperly, which the Concerned Shareholders believe is suggested from the facts set out below.

III. FACTS

A. The Company

7. Inspira is a British Columbia reporting issuer incorporated pursuant to the laws of British Columbia with a registered and records office at 1055 West Georgia Street, 1500 Royal Centre, PO Box 11117, Vancouver, BC. Its shares trade on the TSXV under the symbol LND.

8. Since becoming an issuer (over 15 months ago) the Company has not held an annual general meeting.

9. The Company purports to be advised by Canons Park Advisors, Inc. ("Canons Park"), a company led by Michael Dalsin and Roger Greene.

B. The Concerned Shareholders

10. As at October 31, 2016, entities owned or controlled by the Shareholder Applicants owned a total of 10.93% of the issued and outstanding common shares of Inspira (the "Common Shares").

11. TerraNova is an Ontario limited partnership. All of the Common Shares controlled by TerraNova are held beneficially by Vortex Enterprises Corp. ("Vortex"), a corporation under common control with TerraNova, which has constituted TerraNova as trustee

of the voting rights carried by the Common Shares owned by Vortex and any additional Common Shares that may be acquired by Vortex from time to time.

12. Aventine is an investment management firm. Through certain managed accounts that it controls it may be considered to be acting jointly or in concert with TerraNova in respect of Common Shares for the purposes of applicable corporate and securities laws. In the aggregate, the Concerned Shareholders own 10.93% of the Common Shares.

C. The Acquisition

(1) Original Proposal made by Inspira to Acquire RBP

13. The planned Acquisition was announced by way of Inspira press release on May 31, 2016.

14. On June 9, 2016, the Company announced that it had executed a definitive purchase agreement (the "Purchase Agreement") pursuant to which it would acquire all of the stock of RBP for total cash consideration of \$2,215,000 and a total of 6,375,000 Common Shares at \$1.00 for total consideration valued at \$8,500,000 paid at closing.

15. Other than a general description of RBP's business, no other pertinent details were provided. TerraNova sought, but did not receive, particulars of the Purchase Agreement or information related to RBP.

16. The public record and applicable timeline suggests that the lack of disclosure may have been by design.

17. The Letter of Intent concerning the Acquisition (the "LOI") was announced just three business days after RBP was incorporated. No explanation was included as to how a 3-day old company was able to have long term contract agreements in place representing run rate revenues of approximately \$3 million.

18. On June 9, 2016, the Company announced that it had executed the Purchase Agreement. Despite governing corporate and securities laws, the executed Purchase Agreement was not disclosed in full at that time. When it was finally disclosed, after the Company announced that the Acquisition had closed, the Purchase Agreement was heavily redacted.

19. On June 28, 2016, the Company provided that it had overstated its revenues and had to make significant downward adjustments. Inspira's share price closed down more than 30% by the end of trading the next day.

20. That summer, TerraNova brought the RBP transaction to the attention of the TSXV through telephone calls and email conversations.

(2) Revived Acquisition Terms Following TerraNova Announcement

21. Four months passed. On October 31, 2016, in accordance with applicable corporate and securities laws, TerraNova issued a news release stating that it had acquired shares resulting in TerraNova owning more than 10% of Inspira. That same evening, Inspira released its quarterly financial statements. Within these financial statements, Inspira appeared to revive reference to the Acquisition, announcing new consideration: increasing the share component by about 2 million shares to 8,347,481 Common Shares and removing the cash component.

22. Before the market opened the following morning, Inspira issued a news release stating that all approvals for the Acquisition had been secured and closing was expected within days. No explanation has been forthcoming as to when TSX-V approval was sought or received.

23. In a press release dated November 4, 2016, Inspira announced that the Acquisition had been completed, once again restating the arms' length nature of the Acquisition, but providing no details.

(3) Late Disclosure and Concerns with RBP

24. It was not until Friday, November 11, 2016, a statutory holiday in this jurisdiction, Inspira released the definitive amalgamation agreement for the Acquisition (the "Amalgamation Agreement"). The document was heavily redacted:

- (a) the name of the RBP shareholder, another company, was redacted/erased, and the names of the beneficial holders were not disclosed;
- (b) the Acquisition was effected as an amalgamation of RBP (or some version of RBP) and a subsidiary of Inspira. Both names were redacted;

- (c) No mention of "RBP Healthcare Technologies," the name mentioned by the Company in their disclosure about the Acquisition, was made in the amalgamation documents; and
- (d) RBP's financial statements were referenced and were to be included as a schedule; however, those financial statements were redacted or excluded from Inspira's disclosure to the public.

25. In its initial disclosure, Inspira represented that RBP was an active, valuable company with an ongoing viable business. In fact, it was a dormant company only reactivated two days before the LOI was announced.

26. On November 17, 2016, Edward Brann, Executive Director and CFO at Inspira and a partner at Canons Park, Inspira's advisors, stated by way of press release in respect of RBP: "The facts are that the software and billing company that Inspira acquired was founded and incorporated in February of 2013. In advance of the acquisition by Inspira, the software and billing company asked certain advisors to incorporate a wholly-owned California corporation, RBP Healthcare Technologies, Inc., on its behalf on May 26, 2016 in order to facilitate the mechanics of the acquisition."

27. This appears to reference a shell company started by Michael Dalsin (head of the Inspira promoter group and a partner at Canons Park) in February 2013 which was dissolved and lay dormant until it was reactivated on May 27, 2016, only 2 business days before the RBP Acquisition was announced as set out further below.

28. After multiple requests, the Concerned Shareholders received sufficient information about RBP to establish the following facts about the origins of that entity:

- (a) **RBP Inactive Prior to Acquisition.** The acquired RBP entity (the entity that received the 8.3 million shares) was originally incorporated as Deltacore Service and Supply Corp. ("Deltacore") on February 19, 2013. That company received a Notice of Dissolution from the Registrar of Companies in 2015 and was only restored as active on May 27, 2016 (only 2 business days prior to the announcement of the LOI by the Company); and
- (b) **Inspira Subsidiary Incorporated Not Long Before Acquisition.** The Inspira subsidiary referenced, 1077863 B.C. Ltd. (collectively with Deltacore, the

"Amalgamated RBP Entities"), was incorporated on June 2, 2016. Inspira announced its definitive agreement to acquire RBP soon after on June 9, 2016.

29. The Amalgamated RBP Entities were amalgamated into one company, 1077863 B.C. Ltd., Inspira's newly-formed acquisition subsidiary housing post-amalgamation RBP (the "Acquisition Sub").

30. Earlier, on May 26, 2016 when the Acquisition was announced, a new California corporation, Recovery Billing Partners, Inc. ("RBP California") was incorporated. On June 8, 2016, RBP California changed its name to RBP Healthcare Technologies, Inc. (the "Name Change").

31. The Concerned Shareholders have been able to establish the following links between RBP, its predecessor companies and Inspira personnel:

- (a) Michael Dalsin, the co-founder of Inspira and a partner at Canons Park, was the sole founder and director of Deltacore;
- (b) Roger Greene, the other co-founder of Inspira and also a partner at Canons Park, was the president of RBP California;
- (c) David Costine, an Inspira director and former Chairman and Chief Executive Officer, is the current director of the Acquisition Sub;
- (d) Edward Brann, Inspira's Chief Financial Officer and another Canons Park partner, registered the domain name www.recoverybillingpartners.com;
- (e) The webpage associated with the domain name www.rbphealth.com now used by RBP was initially a copy of a website Convalo Health International Corp. ("Canvalo"), a company founded by the founders of Inspira, Mr. Dalsin and Mr. Greene with links to numerous other Company insiders;
- (f) Dennis Wilson, formerly Inspira's VP of Corporate Affairs, was the incorporating agent of RBP California; and
- (g) The Name Change filings were signed by Robert Greene, co-founder of Inspira, in his capacity as president of RBP California and Dennis Wilson as secretary of RPB California.

32. A chart, attached hereto as Schedule "A" sets out a visual depiction of the overlap discussed above.

33. These facts were never disclosed explicitly by Inspira. It is only through the work of the Concerned Shareholders that this information has come to light.

34. Recently, TerraNova obtained Inspira's registered share list as of November 8, 2016 and its Non-Objecting Beneficial Owner list as of January 4, 2016. This information indicates that Michael Dalsin and Roger Greene, together with their associates and related parties, control more than 10% of the voting rights of Inspira. This begs the question: are these shares part of the 8.3 million? Troublingly, neither Messrs. Dalsin nor Greene have filed insider reports.

35. Even disregarding the above troubling connections, the Concerned Shareholders also have serious reservations about the difference between the businesses of Inspira and RBP. Inspira is a financial company; RBP is a software company. Inspira describes itself as "a publicly traded company (LND.V) that provides revolving lines of credit (RLOC) exclusively for physicians and medical providers based on their Accounts Receivable". RBP describes itself as providing "both the software and the billing solutions from experienced professionals. Our solution saves you money and time. Our software allows our experts to easily take on your most time-consuming tasks, like claim submission and follow-up, denial management, payment posting and more, getting practices paid more, faster".

36. In light of the foregoing, TerraNova has put forward a slate of directors for consideration by the Shareholders at the next annual general meeting and has sought the assistance of the Courts, as well as the within relief before this Commission.

D. Dividends and Other Related Payments

37. On November 14, 2016, just days after announcing that more than 8.3 million shares had now been issued to unknown and intentionally redacted RBP shareholders, Inspira's board declared a significant \$0.075/share special dividend (in addition to a quarterly dividend with a record date set just after the stated closing of the Acquisition and issuance of these new shares), that encompassed the recipients of the new share issuance.

38. This resulted in nearly \$700,000 scheduled to be paid to the RBP selling Shareholders in lieu of that cash being distributed directly to the existing Shareholders. This is in effect an additional payment to the selling shareholders of RBP, which was not previously publicly disclosed or contemplated that is suggestive of a raid on the Company by insiders.

39. The Company also previously announced that an advisory fee of 600,000 shares of Inspira would be paid to undisclosed recipients. In the Amalgamation Agreement or other Inspira announcements, no disclosure was made about which advisors were used for this transaction, who controls, owns or is involved with the advisory firm(s), and what total compensation (other than the 600,000 shares) was paid or payable to the advisors. The only advisors of Inspira known to TerraNova is Canons Park.

E. Correspondence with TSXV

40. In light of its concerns, the Concerned Shareholders contacted the TSXV on multiple occasions starting in August 2016, three months before the alleged approval of the RBP transaction. While the Concerned Shareholders understand an investigation is ongoing, the Company announced that the TSXV approved the Acquisition on or about November 1, 2016. To date, the timing of such approval has not been directly confirmed by the TSXV.

IV. ANALYSIS

A. Standing

41. The Concerned Shareholders are directly affected by the Decision for the purposes of section 28(1) of the Act. This application has been filed within the timelines to seek review of such decision as set out in section 165(3) of the Act.

B. Stay

42. Section 165(5) permits the Commission to grant a stay of a decision under review until disposition of the hearing and review.

43. The hearing on review will seek that Shareholder approval be required for the Acquisition. If Shareholders do not approve the Acquisition, Dividends should not be issued to those persons that participated in the Acquisition. Seeking such relief following the issuance of the Dividends would be unduly cumbersome, especially where (as here) there is a serious issue to be considered by the Commission and there is no demonstrable harm in maintaining the status quo for a short period to allow the Commission to gather the necessary information and assess the situation.

C. Standard of Review

44. BC Policy 15-601 - *Hearings* sets out the framework for the review of the decision of an SRO such as the TSXV. According to that policy, as well as Commission jurisprudence, the Commission does not provide a “second opinion” of an SRO decision; however, while the requisite approach is deferential, the Commission has jurisdiction to overturn a decision of an SRO if it is unreasonable. In this case, the lack of information provided to the TSXV undermines the basis for the Decision, rendering it unreasonable.

D. Basis of Error

45. It is respectfully submitted that the TSXV erred in law, or overlooked or was not in possession of material evidence as follows:

- (a) the information about RBP was misleading;
- (b) the Exchange failed to insist on the requisite approvals in light of the fact that the transaction was not at arm’s length; and
- (c) the Exchange should not have issued its Decision prior to its investigation being completed.

Misleading Information About RBP

46. As set out above, Inspira has provided misleading information concerning the RBP, representing that it was an active, valuable company with an ongoing viable business, when in fact it was a dormant company only reactivated days before the announcement by the Company that it intended to enter into the Acquisition was announced.

47. Statements by the Company about RBP appear to skirt the issue of its origins. The evidence suggests that RBP was revived on the eve of the Acquisition, and then portrayed as an existing, established company with value. It is unknown whether these facts were disclosed to the TSXV. If they were not this calls into question the foundations upon which the Decision was made.

48. The change in business from lending to software also required shareholder approval pursuant to TSXV policy.

RBP Transaction Not at Arm's Length

49. There is a significant evidentiary basis set out above to establish that this transaction was not an "Arm's Length Transaction" for the purposes of TSXV Policy 1.1. Again, it is not clear that the TSXV had such information available to it in making the Decision.

50. As a Non-Arm's Length Transaction, the Acquisition ought to have been subject to shareholder approval, as required by s. 5.14(b) of TSXV Policy 5.3 *Acquisitions and Dispositions of Non-Cash Assets* "any transaction where the number of securities issued or issuable to Non-Arm's Length Parties as a group as payment of the purchase price for an acquisition, exceeds 10% of the number of outstanding securities of the Issuer on a non- diluted basis, prior to the closing date of the transaction."

51. In such circumstances, TSXV Policy 5.9 *Protection of Minority Security Holders in Special Transactions* is also pertinent. That policy requires a valuation subject to certain exemptions. No such exemption was available in these circumstances and no valuation was obtained. While Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* has not been adopted in British Columbia; however, it does apply to issuers listed on the TSXV, as that SRO has adopted that instrument as applicable to its listed issuers.

52. The policy rationale for the valuation requirement was recently considered by this Commission, citing with approval a decision of the Ontario Securities Commission which stated [*emphasis in recent citation by this Commission*]:

The policy rationale for the formal valuation requirement is that **insiders may have access to more or better information about an issuer than other shareholders**, including undisclosed material information. That may give the bidder an unfair advantage in valuing the securities of the target. **The purpose of the formal valuation requirement is to ensure that all target shareholders are able to make an informed decision whether or not to tender to the bid and that shareholders have the benefit of an independent assessment of the fair market value of an issuer when assessing an insider bid for the issuer.** This rationale is consistent with the overall policy objectives of the take-over bid regime, which include, in particular, protecting the interests of target shareholders. **In our view, the failure to provide a formal valuation when one is required is a serious allegation.**

53. This Commission went on to articulate the "asymmetry of information" between insiders and other shareholders. Such concerns are activated here and are particularly stark given the apparent attempts to conceal the relationships at play.

54. In sum, the Shareholders should have had the opportunity to vote on the Acquisition and, further, to have done so with the benefit of a formal valuation so as to ensure all Shareholders had equal access to information. Unfortunately, the contrary occurred and it appears that only a handful of shareholders – Company insiders – stand to profit.

V. CONCLUSION

55. Contrary to applicable corporate and securities laws, the Company has continued to refuse to provide adequate disclosure to its Shareholders or allow them the opportunity to vote on the RBP transaction.

56. The above facts leave many unanswered questions: Who are really the selling shareholders of RBP and where are the 8.3 million shares? Only Inspira and certain insiders can say for sure. It is in the public interest that these questions be answered.

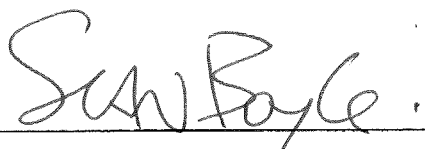
57. Accordingly, the Concerned Shareholders respectfully request that the Commission:

- (a) overturn the Decision;
- (b) stay the Decision of the TSXV such that the Company is ordered to refrain from issuing the Dividends, effective immediately; and
- (c) order the Company to disclose all aspects of the Acquisition.

FURTHER TAKE NOTICE that in support of this application the Concerned Shareholders shall rely on the affidavit of Vahan Kololian, to be sworn and filed.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of November, 2016.

BLAKE, CASSELS & GRAYDON LLP



Sean K. Boyle and Alexandra Luchenko

Counsel for TerraNova Partners LP and
Aventine Management Group Inc.