

1. BUYING A MEMBER'S BUSINESS

Occasionally, a person or corporation acquires part of a business of a member. The by-laws of the Canadian Gift Association set out that membership in the association is non-transferable, except for certain situations as described below. Subject to long standing criteria whether membership is transferred to the buyer and whether booth space can be transferred will depend on CanGift policy.

2. BUYING PART OF A MEMBER'S BUSINESS

When part of a member's business has been bought, as long as the existing, selling member continues to meet membership criteria and does not give up its membership, the purchaser has not acquired membership through the purchase in these circumstances. If the purchaser buys part of a business of a member, and the seller acknowledges in writing that it is giving up its membership (including any booth space it enjoyed as part of its membership privileges), the Canadian Gift Association will not object to the purchaser stepping into the seller's membership including enjoyment of the booth space.

3. BUYING ALL OF A MEMBER'S BUSINESS

Purchasing a member's business can be accomplished usually by either a purchase of shares of a corporation or by purchasing substantially all of the assets of the business.

a) Purchase of Shares

Where an individual, sole proprietorship, partnership or corporation acquires control in a CanGift member corporation by buying shares, there has only been a change of control and nothing has changed in terms of the membership. The corporation is still a member and, if it has enjoyed show booth space that use or enjoyment would simply continue. CanGift has no involvement in the private purchase or sale of shares in a member corporation. It is the seller's responsibility to advise CanGift of the new primary contact information and the completion of the sale transaction immediately following closing.

b) Purchase of Assets

Where an individual, sole proprietorship, partnership or corporation acquires substantially all of the business of a member as a going concern (i.e., not through a share purchase), whether the seller is a sole proprietorship, partnership or corporation, then the same rules apply as described in paragraph 2. ding enjoyment of the booth space.

4. BANKRUPTCY AND INSOLVENCY

The Canadian Gift Association's by-laws clearly state in section **3.7 Termination of Membership** – The rights of a member lapse and cease to exist when the membership terminates for any of the following reasons:

- a) in the case of a member that is a body corporate or a business firm, the corporation or firm is dissolved, petitioned into bankruptcy or becomes insolvent (as the term insolvency is understood under the ***Bankruptcy and Insolvency Act*** of Canada and without restricting "insolvent" to an insolvent person)

Members are encouraged to contact the VP of Membership Services immediately if clarification is required.

OTHER CIRCUMSTANCES

Where a situation arises that is not covered by the foregoing, the Canadian Gift Association reserves the right – through its Board of Directors— to assess the situation and determine a fair resolution of membership status and the right to show space.

All rulings shall be made consistent with what the Board considers to be in the best interests of the Canadian Gift Association and its fairs.

The association wishes to discourage the acquisition of member businesses primarily for the purpose of acquiring the selling member's booth space(s). Accordingly, it would be expected that in most situations, the business of the selling member would be continued by the purchasing member. Should the Canadian Gift Association determine that the purchase of a member's business was, in fact, motivated primarily by the desire to acquire its booth space, the association reserves the right, through the Board, to take back the acquired space and make it available to other members who have a longer standing seniority as members of the Canadian Gift Association.

Please Note: Immediately upon a potential transaction of purchase or sale, the following information must be submitted to CanGift:

- Purchase agreement which should include the new contact information
- Statement of current liabilities of seller

After information of a potential purchase or sale is provided to the Canadian Gift Association, it will be reviewed to determine if all of the Association's criteria have been met. If the information provided to CanGift does not comply with the requirements noted above and the Association's legal counsel is required to determine if the sale is in accordance with CanGift by-laws, the vendor may be responsible for the Association's legal fees.

The vendor will be notified by CanGift if legal counsel will be required to review any documents. If the association receives documentation regarding the sale of a member company close to an upcoming Toronto Gift Fair, every effort will be made to expedite the process, but it may not be possible to ensure booth space will be available to the buying company until the following Toronto Gift Fair.