



**Court file No. S1710393
Vancouver Registry**

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36, AS AMENDED**

AND

IN THE MATTER OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, c. 57

AND

IN THE MATTER OF ALL CANADIAN INVESTMENT CORPORATION

(the "Petitioner")

MONITOR'S EIGHTEENTH REPORT TO COURT

NOVEMBER 15, 2019

Boale, Wood & Company Ltd.

Monitor appointed in the
Companies' Creditors Arrangement Act proceedings of
All Canadian Investment Corporation

**Suite 1140 – 800 West Pender Street
Vancouver, B.C. V6C 2V6**

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A. INTRODUCTION

1. This report (the “**Eighteenth Report**”) is filed by Boale, Wood & Company Ltd. (“**BWC**”) in its capacity as monitor (the “**Monitor**”) appointed in a proceeding commenced on November 8, 2017 by All Canadian Investment Corporation (the “**Petitioner**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c.-36, as amended (the “**CCAA Proceedings**”).

2. The purpose of the Eighteenth Report is to provide the Court with:
 - a) The Monitor’s views on whether or not the liquidation of the Petitioner’s assets should continue to be carried out within the CCAA Proceedings or alternatively under the Bankruptcy and Insolvency Act (the “**BIA**”);

 - b) The Monitor’s response to the application of John Whyte dated November 5, 2019 and filed on November 8, 2019; and

 - c) the Monitor’s comments on the Plan and Claims Process Order filed by the Petitioner.

B. DISCLAIMER AND TERMS OF REFERENCE

3. Except as specified, in preparing this report the Monitor has obtained and relied upon unaudited, draft and/or internal information which Management advises has been compiled from the Petitioner's books and records. Where available, the Monitor has reviewed external records and documentation including post-filing banking records, corporate searches and financial statements.

4. Except as otherwise described in this report:
 - a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information which has been provided in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountant Canada Handbook; and

 - b) the Monitor has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Chartered Professional Accountant Canada Handbook.

5. This Report have been prepared solely for the purpose described and readers are cautioned that it may not be appropriate for other purposes.

C. CONTINUATION OF LIQUIDATION UNDER CCAA VS BIA

6. At the last hearing on November 6, 2019 Mr. Justice Walker queried whether or not the liquidation of the Petitioner's assets should be continued under the CCAA or, alternatively, under the BIA. It remains the view of the Monitor that the appropriate insolvency proceeding to deal with this matter is the CCAA for, among others, the following reasons:
 - (a) The CCAA proceedings have now been extant for two years and have provided an excellent forum within which to resolve, for example, the issue of whether or not preferred shareholders who issued redemption notices should be classified as creditors.
 - (b) As the CCAA proceeding is now well underway it would, respectfully, not make any sense to convert the CCAA proceeding to a bankruptcy, as such a conversion would have, among others, the following unwanted consequences:
 - (i) increased cost and costs thrown away – at this point in the process the Petitioner, with input from the Monitor, has prepared a draft Plan of Arrangement which by now will have been submitted to the Court for review and will be the subject matter of a hearing on Monday, November 18, 2019. If the proceedings at this point are converted to a bankruptcy the time, effort and expense of generating and agreeing upon an appropriate Plan of Arrangement for presentation to the creditors for their vote will have been wasted. In addition, and as an adjunct to the draft plan of arrangement, the Petitioner (again with input from the Monitor) has prepared a draft Claims Process Order, which also will have

been a waste of time and resources if the matter is not seen through to the end;

- (ii) over the last two years a rather complicated and difficult process to understand (the CCAA) now appears to be largely one with which the stakeholders are comfortable and, again with respect, it would be disruptive to switch proceedings at this point and require a re-education of the stakeholders with respect to the reasons and process for switching to a bankruptcy;
- (iii) bankruptcy at this point would allow the creditors to be dealt with in an orderly fashion, which is also the case with the CCAA. However, once the creditors are dealt with in a bankruptcy, the framework of the bankruptcy does not allow for dealing with other stakeholders as is provided for and facilitated by the CCAA. Once the creditors have been paid out the Bankruptcy model collapses;
- (iv) the CCAA proceedings facilitated and allowed for the determination of the status of the preferred shareholders who alleged that they became creditors and the reasons of this Honourable Court in the CCAA proceedings have been determinative in that regard;
- (v) the CCAA proceedings have given an opportunity to all of the stakeholders to appear and be heard and will continue to do so as the Monitor will continue to seek Court approval for such things as sales and sale prices, which a bankruptcy would not allow for, especially after the creditors have been paid in full.

D. APPLICATION OF JOHN WHYTE REPRESENTING HANK ANDRESEN

7. It is the Monitor's view is that John Whyte's entire application should be dismissed with costs to the Monitor and the Petitioner on a full indemnity basis to be fixed and payable forthwith.

E. MONITOR'S COMMENTS ON PLAN AND CLAIMS PROCESS ORDER

8. The Monitor reviewed the Petitioner's Plan and Claims Process Order and provided comments to the Petitioner's counsel.

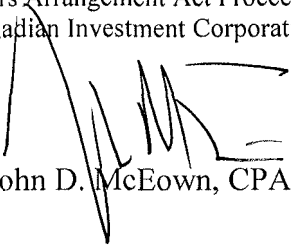
9. The only substantive change the Monitor requested was to remove any Director indemnity clauses which are often included in plans of arrangement. Counsel for the Petitioner removed the indemnity clause recognizing that there will likely be proceedings commenced against the Director.

F. CONCLUSIONS AND RECOMMENDATIONS

10. For the reasons referenced in this Report, the Monitor continues to be of the view that the liquidation of the Petitioner's assets should be carried out under the CCAA and not the BIA.
11. The Monitor opposes John Whyte's application and is of the opinion that the application should be dismissed with costs.
12. The Monitor approves of the Petitioner's draft Plan and draft Claims Process Order.

DATED at the City of Vancouver, British Columbia, this 15th day of November, 2019.

Boale Wood and Company Ltd.
Monitor Appointed in the Companies'
Creditors Arrangement Act Proceedings of
All Canadian Investment Corporation


Per: John D. McEown, CPA, CA, CIRP