



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 SIXTH REPORT TO COURT**

**September 5, 2018**

**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 “**Sixth 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 Sixth Report is to provide the Court with:
  - a) an update on the Petitioner’s activities since June 11, 2018;
  
  - b) an update on the Monitor’s activities since June 11, 2018;
  
  - c) the Monitor’s view on the Petitioner’s Restructuring Plan (the “Plan”) and request for a further extension of the Stay; and
  
  - d) the Monitor’s conclusions and recommendations.

## **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. ACTIVITIES OF THE PETITIONER SINCE JUNE 11, 2018

6. Since the date of the Monitor's Fourth Report (the Fifth Report dealt specifically with a sale of real estate), Management's activities have included the following:
  - a) Updating the Monitor on information with respect to the Loan Portfolio and real estate holdings;
  - b) Providing the Monitor with regular updates of the cash receipts and disbursements;
  - c) Communicating with Borrowers in an effort to expedite payment of both loan interest and principal repayments, including instructing counsel to commence legal proceedings with respect to certain loans;
  - d) Attending to the registration of all unregistered mortgages held by the Petitioner as security for the Loan Portfolio and initiating enforcement proceedings of its security interest in real property that secures the Loan Portfolio;
  - e) Following up on the sale transactions of real properties owned by certain Censorio companies;
  - f) Communicating with stakeholders regarding the CCAA proceedings;  
and
  - g) Assisting legal counsel with information required in preparation for the applications to Court to extend the stay of proceedings.

#### **D. ACTIVITIES OF THE MONITOR SINCE JUNE 11, 2018**

7. Since the date of the Monitor's Fourth Report, the Monitor has undertaken, amongst other things, the following activities:
  - a) Consulting with Management and reviewing information received with respect to the Loan Portfolio, Real Property, the CCAA Proceedings;
  - b) Seeking further information on Management's proposed restructuring plan;
  - c) Meeting with the Petitioner's legal counsel with respect to the progress being made by the Petitioner towards finalizing the restructuring plan and claims process and receiving updates on the Petitioner's efforts to sell its real property holdings and collect on its loan portfolio;
  - d) Monitoring the Petitioner's cash flow receipts and disbursements;
  - e) Ensuring the Petitioner compliance with the Court Order dated April 11, 2018 including the registration of mortgages held by the Petitioner as security for the Loan Portfolio and initiating enforcement proceedings of its security interest in real property that secures the Loan Portfolio;
  - f) communicating with the Petitioner's stakeholders, including responding to enquiries as received;
  - g) communicating with counsel for the DIP Lender;
  - h) preparing the Fifth Report to the Court in the CCAA Proceedings; and
  - i) preparing the Sixth Report to the Court in the CCAA Proceedings.

## **E. MONITOR'S REPORT ON CASH FLOW STATEMENT**

8. The Monitor has attached as Appendix A to this report a Cash Flow Statement for the period November 27, 2017 to August 31, 2018.
9. Management had projected cash inflows including mortgage payouts/paydowns of approximately \$12,000,000 as forecasted in Exhibit "D" to Affidavit # 6 of Don Bergman in these proceedings. The projected cash inflows did not materialize as only one of eight properties expected to be sold was completed. There were no net sale proceeds available to the Petitioner from this sale as the prior mortgage holder required all proceeds to be paid to it.
10. Actual cash outflows for operations were in line with Management's projected cash outflows as forecasted in Exhibit "D" to Affidavit # 6 of Don Bergman in these proceedings.
11. Management projected cash outflows of \$ 3,700,000 to repay unsecured debt and DIP financing. As no cash inflows were generated from sale of properties, there were no funds that could be paid out to the DIP Financier and unsecured creditors.
12. An updated Cash Flow Forecast has been prepared by Management and provided to the Monitor. The Monitor is in the process of reviewing this forecast and will be providing a separate report on the updated Cash Flow Forecast shortly.
13. The Monitor, based on its preliminary review of the Cash Flow Forecast, is satisfied that there is sufficient cash flow available to support the extension being sought.

## **F. RESTRUCTURING PLAN AND REQUEST FOR EXTENSION OF STAY**

14. The activities of the Petitioner as outlined in Mr. Bergman's Affidavit # 8 confirm that progress has been made towards the restructuring plan and claim process. The significant achievements include the following:
  - a) Negotiating the Court approval and sale of Lot 5 of the Packalen Boulevard Properties;
  - b) Obtaining an Order Nisi in foreclosure proceedings against one of the Censorio Group of Companies that has four condo's for sale in New Westminster. One of the condos was sold with Court approval on August 30, 2018 resulting in net sale proceeds of approximately \$680,000 that will be applied against the DIP lending facility;
  - c) Assisting with the sale one of the Censorio Group of Companies properties resulting in a paydown of prior encumbrances of in excess of \$3,000,000 and, therefore, improving the available equity to payback the Petitioner's equitable mortgages; and
  - d) Preparing a draft of the claims process for review by the Monitor.
15. The Monitor is satisfied that the Petitioner has made progress towards its restructuring plan including the claims process since the date of the Monitor's Fourth Report.
16. The Petitioner is requesting a two (2) month extension of the Stay of Proceedings to November 7, 2018 to allow time for, among other things, the Petitioner to finalize its claims process with the assistance of the Monitor and to file same with the Court.



17. The Petitioner will also use the extension of time requested to:
- complete the sale of the New Westminster Condo that was approved by the Court on August 30, 2018;
  - deal with a priority dispute with Canada Revenue Agency for a GST claim for priority over certain of the Petitioner's security;
  - continue to market the remaining two Packalen Boulevard Properties and the remaining three New Westminster condos in foreclosure;
  - take other steps necessary to recover on its loan portfolio; and
  - determine the creditor/shareholder classes for purpose of distributions under the restructuring plan.
18. The Monitor has spoken to counsel for the DIP Lender and has been advised that the DIP Lender supports the Petitioner's extension request to November 7, 2018.

## F. CONCLUSIONS AND RECOMMENDATIONS

19. During this stay period the Monitor is satisfied that the Petitioner has continued to work diligently in providing information requested by the Monitor.
20. The Petitioner has requested that the stay be extended a further two (2) months to allow time to further develop a plan for the stakeholders, including a claims process and creditor/shareholder classes for purposes of distributions under the restructuring plan.
21. The Monitor is of the view that the Petitioner has been cooperative and has acted in good faith and with due diligence.
22. Based on the information currently available, the Monitor believes that the extension being sought by the Petitioner is reasonable and appropriate.
23. The Monitor has reviewed the most recent cash flow provided to it by the Petitioner and is satisfied that there is sufficient cash flow available to support an extension of the Stay to November 7, 2018.
24. The Monitor is of the view that the stakeholders will not be prejudiced by the further extension sought. Accordingly, the Monitor respectfully recommends that the Court grant a further extension to November 7, 2018.

DATED at the City of Vancouver, British Columbia, this 5<sup>th</sup> day of September, 2018.

**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

# **APPENDIX A**

## **Cash Flow Statement**

ALL CANADIAN INVESTMENT CORPORATION  
 CASH FLOW STATEMENT  
 From November 27, 2017 to August 31, 2018

	Actual Week Ending Dec 3	Actual Week Ending Dec 10	Actual Week Ending Dec 17	Actual Week Ending Dec 24	Actual Week Ending Dec 31	Actual Week Ending Jan 26	Actual Feb-28	Actual Mar-18	Actual Apr-18	Actual May-18	Actual Jun-18	Actual Jul-18	Actual Aug-18	Total
<b>Cash Inflows</b>														
Mortgage Interest Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,746
Mortgage Payouts/Paydowns	-	-	-	500,000	-	600,000	-	4,000	35,000	-	1,318	-	-	1,140,318
Sale of Lee Road Property	-	-	-	-	-	395,641	-	-	-	-	-	-	-	395,641
DIP Financing Proceeds	-	-	-	-	-	-	-	-	-	1,500,000	-	-	-	1,500,000
<b>Total Inflows</b>	-	-	-	500,000	-	995,641	1,746	4,000	35,000	1,500,000	1,318	-	-	3,037,705
<b>Cash Outflows</b>														
<b>Operations</b>														
Management Fees (AFDI)	-	-	-	50,000	-	50,000	50,000	40,000	25,000	25,000	25,000	25,000	25,000	\$ 315,000
Bank Charges	-	80	-	-	4	65	149	85	69	105	134	135	85	917
Auditor Fees	-	4,000	-	-	-	22,250	-	-	-	-	-	-	-	26,250
Monitor's Fees	-	-	-	-	-	13,942	-	-	-	36,423	17,034	-	-	87,400
Legal Fees - Monitor's legal counsel	-	-	-	-	-	5,578	-	-	-	15,565	6,256	-	-	37,276
Legal Fees - Company's legal counsel	-	-	-	3,000	-	89,317	1,831	4,646	116,001	10,502	26,793	26,134	-	278,712
Appraisal Fee	-	-	-	-	-	-	-	-	-	-	10,004	-	-	10,004
RC Morris & Company - Loan Fees & Expenses	-	-	-	-	-	50,000	-	-	-	161,200	23,144	23,144	-	211,200
RC Morris - Interest Payment - Dip Financing	-	-	-	-	-	-	-	-	-	23,144	22,397	23,144	-	91,829
Property Tax and Utilities	-	-	-	-	-	19,750	-	-	-	13,533	-	-	-	13,533
GST Remitted	-	-	-	-	-	-	-	302	-	-	-	-	-	19,750
Office photocopies	-	-	-	-	-	-	-	-	-	-	-	-	-	302
Repairs & Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	991
Pest Control	-	-	-	-	-	-	378	-	-	-	-	-	-	378
<b>Secured Debt Repayment</b>	6	4,080	-	53,000	4	156,495	165,044	42,597	29,715	390,971	91,327	76,062	84,240	1,093,342
Van Maren Financial	-	-	-	-	-	554,512	-	-	-	-	-	-	-	554,512
Fisgard Capital	-	-	-	-	-	525,891	-	-	-	860,684	-	-	-	1,386,575
<b>Total Outflows</b>	6	4,080	-	53,000	4	1,236,898	165,044	42,597	29,715	1,251,655	91,327	76,062	84,240	3,034,629
<b>Net Cash Inflows (Outflows)</b>	(6)	(4,080)	-	447,000	(4)	(241,257)	(163,299)	(38,597)	5,285	248,345	(90,009)	(76,062)	(84,240)	3,075
<b>Opening Cash Position</b>	69,134	69,128	65,048	65,048	512,048	512,044	270,786	107,488	68,891	74,176	322,521	232,512	156,450	69,134
<b>Closing Cash Position</b>	\$ 69,128	\$ 65,048	\$ 65,048	\$ 512,048	\$ 512,044	\$ 270,786	\$ 107,488	\$ 68,891	\$ 74,176	\$ 322,521	\$ 232,512	\$ 156,450	\$ 72,209	\$ 72,209

PREPARED BY MANAGEMENT OF ALL CANADIAN INVESTMENT CORPORATION