



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 ELEVENTH REPORT TO COURT**

**JANUARY 21, 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. Statement of Actual Cash Flow for the Period November 27, 2017 to December 31, 2018
- B. BDO Security for Costs Order dated November 23, 2018

## A. INTRODUCTION

1. This report (the “**Eleventh 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 Eleventh Report is to provide the Court with:
  - a) an update on the Petitioner’s activities since November 20, 2018;
  - b) an update on the Monitor’s activities since November 20, 2018;
  - c) the Actual Cash Flow Statement from November 27, 2017 to December 31, 2018;
  - d) an update on the Petitioner’s orderly wind-down of the business;
  - e) an estimate of the recovery to the stakeholders;
  - f) an update on the BDO application for security for costs;
  - g) the Monitor’s view on the Petitioner’s Restructuring Plan and claims process; and
  - h) the Monitor’s conclusions and recommendation.

## **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 NOVEMBER 20, 2018

6. Since the date of the Monitor's Ninth Report (the Monitor's Tenth Report dealt specifically with certain real estate sale/refinancing transactions), Management and its legal counsel'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 regarding payment of both loan interest and principal repayments;
  - d) Communicating with counsel for the Censorio Group of companies regarding the Beta property offers, the listing of the Altezza and Sperling properties;
  - e) Preparing mortgages for registration against the Altezza, Sperling, Beta and Carleton properties and sending same to counsel for the Censorio Group of Companies;
  - f) Applying to Court for direction with respect to the determination of how the preferred shareholders that have requested redemption should be classified;
  - g) Assisting with the Stonewater Motel refinancing that completed in December 2018 and resulted in the ACIC loan being fully repaid;
  - h) Communicating with stakeholders regarding the CCAA proceedings;

- i) Attending to matters relating to the lawsuit filed by the Petitioner against its former auditors BDO Dunwoody LLP; and
- j) Preparing materials for the applications to Court to extend the stay of proceedings.

#### **D. ACTIVITIES OF THE MONITOR SINCE NOVEMBER 20, 2018**

7. Since the date of the Monitor's Ninth Report, the Monitor has undertaken, amongst other things, the following activities:
- a) Communicating with the Petitioner and its legal counsel and reviewing information received with respect to the Loan Portfolio, Real Property and the CCAA Proceedings;
  - b) Seeking information from the Petitioner with respect to efforts being made to sell its real properties and collect on its loan portfolio;
  - c) Meeting with legal counsel for the Petitioner regarding progress being made towards finalizing the restructuring plan and claims process;
  - d) Communicating with the Petitioner's counsel and counsel for the Censorio Group of Companies regarding the registration of mortgages and listing of the Censorio properties;
  - e) Monitoring the Petitioner's cash flow receipts and disbursements and report on the Cash Flow Statement prepared by the Petitioner;
  - f) Communicating with the Petitioner's stakeholders, responding to their enquiries and assisting certain preferred shareholders in communicating with the other preferred shareholders;
  - g) Communicating with counsel for the DIP Lender with respect to the terms of the DIP financing and repayment; and
  - h) Preparing the Monitor's Tenth and Eleventh 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 Statement of Actual Cash Flow for the period November 27, 2017 to December 31, 2018.
9. The Actual Cash Flow from the inception of the CCAA proceedings to December 31, 2018 can be summarized as follows:

### Actual Cash Inflows

|                                    |                  |
|------------------------------------|------------------|
| Mortgage Interest Payments         | \$ 74,515        |
| Mortgage Paydowns                  | 1,140,318        |
| Sale of Real Properties            | 1,075,279        |
| Repayment of Stonewater Motel Loan | 1,315,797        |
| DIP Financing Proceeds             | <u>1,500,000</u> |
|                                    | \$5,105,909      |

### Actual Cash Outflows

#### *Operations*

|   |              |
|---|--------------|
| Management Fees                                 | \$ 379,667   |
| Bank Charges                                    | 1,380        |
| Auditor Fees                                    | 30,017       |
| Monitor's Fees/Disbursements                    | 216,082      |
| Legal Fees/Disbursements (Monitor's counsel)    | 90,189       |
| Legal Fees/Disbursements (Petitioner's counsel) | 441,179      |
| Appraisal Fees                                  | 10,004       |
| DIP Loan Fees & Expenses                        | 211,200      |
| DIP Loan Interest                               | 137,370      |
| Property Taxes & Utilities                      | 13,533       |
| GST   | 19,750       |
| Other Miscellaneous Expense                     | <u>1,671</u> |
|   | \$1,552,042  |



*Secured Debt Repayments*

|                       |                  |
|-----------------------|------------------|
| DIP Loan              | \$ 1,613,304     |
| Van Maren Financial   | 554,512          |
| Fisgard Capital       | <u>1,386,575</u> |
|                       | \$3,554,391      |
| Net Cash Inflows      | \$ (524)         |
| Opening Cash Position | <u>69,134</u>    |
| Closing Cash Position | <u>\$ 68,610</u> |

## F. PETITIONER'S ORDERLY WIND-DOWN OF THE BUSINESS

### *Real Property Update*

10. Since the commencement of the CCAA Proceeding the Petitioner has completed the sale of one of two Garden Bay properties and one of three Pender Harbour properties.

11. The listings/pricing of the two remaining Pender Harbour Properties and the one remaining Garden Bay Property have or will be shortly updated as follows:

|                       |                    |
|-----------------------|--------------------|
| Garden Bay Lot        | \$ 89,000          |
| Pender Island - Lot 4 | 749,000            |
| Pender Island – Lot 6 | <u>1,100,000</u>   |
|                       | <u>\$1,938,000</u> |

12. The Monitor has estimated the net recovery from the sale of the real properties as follows:

|   | <u>Low</u>         | <u>High</u>        |
|---|--------------------|--------------------|
| Estimated Sale Proceeds                 | \$1,600,000        | \$1,800,000        |
| Less: Commission and Closing Costs (5%) | (80,000)           | (90,000)           |
| Property taxes                          | <u>(20,000)</u>    | <u>(10,000)</u>    |
|   | (100,000)          | (100,000)          |
| Estimated Net Recovery                  | <u>\$1,500,000</u> | <u>\$1,700,000</u> |

13. As these properties are summer recreational properties, the Monitor has estimated the timeline for sale of these properties to be between one and two years.

*Loan Portfolio Update*

Agnes & Elliot Loan (Censorio company)

14. The Agnes & Elliot loan is in respect of a New Westminster development that was completed in September 2017. The amount owing to the Petitioner including accrued interest as at December 31, 2018 is approximately \$7,000,000.
15. The remaining security the Petitioner had when the project completed (other than guarantees from Peter Censorio personally and from his other development companies) were mortgages on four of the remaining unsold residential units.
16. Through foreclosure proceedings commenced by the Petitioner, Orders Nisi and Orders for Conduct of Sale were granted in favour of the Petitioner in July 2018.
17. The residential units were listed for sale in August 2018 with a realtor on the MLS Service. The sale of one of the units has completed and the net sale proceeds of \$451,135.05 have been paid into Court pending determination of the priority of outstanding GST debt of the borrower of approximately \$2,200,000.
18. The Petitioner is currently relisting the remaining 3 properties with Ryan Eagleton of Remax on the Multiple Listing Service as recommended by the Monitor. The list prices will be as follows:

|           |                    |
|-----------|--------------------|
| Unit 1801 | \$ 899,000         |
| Unit 1703 | 649,000            |
| Unit 1406 | <u>420,000</u>     |
|           | <u>\$1,968,000</u> |

19. The Monitor has estimated the net recovery from the sale of all four of the Agnes and Elliot properties as follows:

|   | <u>Low</u>          | <u>High</u>         |
|---|---------------------|---------------------|
| Estimated Sale Proceeds                 | \$ 2,300,000        | \$ 2,400,000        |
| Less: Commission and Closing Costs (5%) | (115,000)           | (120,000)           |
| Strata Fees                             | (30,000)            | (20,000)            |
| Property taxes                          | <u>(20,000)</u>     | <u>(10,000)</u>     |
|   | (165,000)           | (150,000)           |
| Estimated Net Recovery                  | <u>\$ 2,135,000</u> | <u>\$ 2,250,000</u> |

*Note: If the GST is determined to have priority to the Petitioner's security the net recovery to the Petitioner will be nil.*

20. The Monitor has estimated the timeline for sale of these properties to be between three and six months.

Chisa Loan (Censorio Company)

21. The Chisa loan is in respect of a commercial development located in Burnaby that was completed in 2014. The amount owing to the Petitioner including accrued interest as at December 31, 2018 was approximately \$1,000,000.
22. In June 2018, a contract of purchase and sale was entered into by Peter Censorio for the Chisa Lands.

23. The sale of the Chisa Lands completed in July 2018 and the net proceeds from the sale were used to pay out the first mortgage of approximately \$1,000,000 and paydown approximately \$3,200,000 on an inter alia mortgage in favour of Bancorp. There were no funds available for the Petitioner from the sale, however, a result of the paydown of the Bancorp mortgage, the equity in the remaining Censorio properties securing the Petitioner's loans has increased.

Beta Loan (Censorio company)

24. The Beta Loan is in respect of a mixed-use development property located in Burnaby that was completed in 2015. The amount owing to the Petitioner including interest as at December 31, 2018 was approximately \$3,250,000.
25. The Monitor received copies of two offers that Peter Censorio had received and accepted subject to the Monitor's approval. One offer was for the retail component of the Beta Lands in the amount of \$2,250,000. The other offer was for the office component of the Beta Lands in the amount of \$2,100,000.
26. In December 2018 the Monitor sought Court approval to allow these offers to proceed and discharge the Petitioner's security on completion of the sales. Both offers were still subject to financing and the Monitor was given authority by the Court to allow a short period of time to the purchasers to arrange financing and remove subjects.
27. The Monitor has been advised by counsel for Censorio that both purchasers still wish to proceed but have not been able to secure financing. The Monitor has also been advised that Censorio has advised the purchasers that unless he receives unconditional offers with firm closing dates by January 22, 2019, he intends to list the properties for sale.

28. The Monitor has estimated the net recovery from the sale of the Beta properties as follows:

|   | <u>Low</u>       | <u>High</u>       |
|---|------------------|-------------------|
| Estimated Sale Proceeds                 | \$ 4,300,000     | \$ 4,800,000      |
| Less: Commission and Closing Costs (5%) | (215,000)        | (240,000)         |
| First Mortgage (Blueshore)              | (2,800,000)      | (2,800,000)       |
| Second Mortgage (Bancorp)               | (1,200,000)      | (1,200,000)       |
| Strata Fees                             | (20,000)         | -                 |
| Property taxes                          | <u>(120,000)</u> | <u>(110,000)</u>  |
|   | (4,355,000)      | (4,350,000)       |
| Estimated Net Recovery                  | <u>\$ -</u>      | <u>\$ 450,000</u> |

29. The Monitor has estimated the timeline for sale of the Beta properties to be between six and twelve months.

Altezza Loan (Censorio company)

30. The Altezza Loan is in respect of a mixed-use development in Burnaby that was completed in 2012. The amount owing to the Petitioner including interest as at December 31, 2018 was approximately \$9,200,000.
31. The property was appraised at \$4,800,000 in March 2018 by Garnett Wilson Appraisers.
32. This month a listing agreement with Cushman Wakefield has been entered into by the borrower. The property is being listed on the Multiple Listing Service for \$4,400,000 as proposed by the Monitor and the real estate commission rate is 3% which is a standard rate for commercial property sales.

33. The Monitor has estimated the net recovery from the sale of the Altezza property as follows:

|   | <u>Low</u>          | <u>High</u>         |
|---|---------------------|---------------------|
| Estimated Sale Proceeds                 | \$ 4,000,000        | \$ 4,400,000        |
| Less: Commission and Closing Costs (5%) | (200,000)           | (220,000)           |
| First Mortgage (Blueshore)              | (1,800,000)         | (1,800,000)         |
| Second Mortgage (Bancorp)               | -                   | -                   |
| Strata Fees                             | (80,000)            | (60,000)            |
| Property taxes                          | <u>(70,000)</u>     | <u>(90,000)</u>     |
|   | (2,150,000)         | (2,170,000)         |
| Estimated Net Recovery                  | <u>\$ 1,850,000</u> | <u>\$ 2,230,000</u> |

34. The Monitor has estimated the timeline for sale of the Beta properties to be between six and twelve months.

Sperling Loan (Censorio company)

35. The Sperling Loan is in respect of a commercial building that was acquired in 2012 and then renovated. The amount owing to the Petitioner including interest as at December 31, 2018 was approximately \$950,000.
36. The property was appraised at \$8,800,000 in March 2018 by Garnett Wilson Appraisers.
37. The Sperling property has been marketed for sale privately by Anna Gou on behalf of Peter Censorio.
38. Recently the Monitor received from the borrower an unsolicited offer for the Sperling property for \$6,500,000 being well below the appraised value.

39. The Monitor requested and received a listing proposal from Cushman Wakefield for the Sperling property.
40. Cushman Wakefield contacted representatives in the planning department of City of Burnaby and were advised that there is a reasonable likelihood that the Sperling property will be rezoned in the next few years. If rezoned the value of the Sperling property could increase to \$10,000,000 to \$13,000,000 depending on the density approved.
41. It is Cushman Wakefield's recommendation that given the potential increase in value if the property is rezoned, the listing of the property should be delayed until there is more certainty with respect to the rezoning of the property by the City of Burnaby.
42. The Monitor has estimated the net recovery from the sale of the Sperling property as follows:

|   | <u>Low</u>          | <u>High</u>         |
|---|---------------------|---------------------|
| Estimated Sale Proceeds                 | \$ 8,000,000        | \$ 12,000,000       |
| Less: Commission and Closing Costs (5%) | (400,000)           | (650,000)           |
| First Mortgage (Blueshore)              | (2,200,000)         | (2,200,000)         |
| Second Mortgage (Bancorp)               | -                   | -                   |
| Strata Fees                             | (40,000)            | -                   |
| Property taxes                          | <u>(130,000)</u>    | <u>(100,000)</u>    |
|   | (2,770,000)         | (2,950,000)         |
| Estimated Net Recovery                  | <u>\$ 5,230,000</u> | <u>\$ 9,050,000</u> |



43. Given the significantly higher realization that may be achieved if the property is rezoned, the Monitor concurs with Cushman Wakefield that the listing of the property should be delayed and the current offer should be rejected.

Carleton Loan (Censorio company)

44. The Carleton Loan is in respect of a mixed-use development being constructed in Burnaby. The amount owing to the Petitioner as at December 31, 2018 was \$2,100,000.
45. This development was initially scheduled for completion in September 2018. The scheduled completion date has been extended several times. The Monitor has recently been advised that the completion date is now been extended until April 2019.
46. The Monitor continues to be concerned that the delays in completion may result in cost overruns that could significantly reduce the recovery on this loan.
47. The Monitor has estimated the net recovery from the Carleton property to be between \$1,000,000 and \$3,000,000.
48. The Monitor has estimated the timeline for repayment of the Carleton loan to be between six and twelve months.

Other Loans

*0911368 BC Ltd. Loan ("911 Loan")*

49. The 911 Loan is a result of a debt restructuring by the Petitioner that has been described in previous Affidavits of Don Bergman. The amount owing to the Petitioner as at December 31, 2018 was approximately \$3,400,000.

50. As a result of the debt restructuring the Petitioner has been given shares of in W.L.A. Financial Corporation that are being held in Trust by 1001695 B.C. Ltd., a company controlled by Don Bergman.
51. At the request of the Monitor, a formal written trust agreement was executed by 1001695 B.C. Ltd. confirming the trust arrangement.
52. The recovery to the Petitioner is dependent on the success of Meridian Accommodations (owned 90% by W.L.A. financial) in pursuing contracts with BC Housing to construct modular housing developments.
53. The Monitor estimated the timeline for recovery on this loan to be between two and four years.

*Meridian Lodges Loan*

54. The Meridian Lodges Loan is secured by a 130 acre parcel of land in Saskatchewan B.C. The amount owed to the Petitioner as at December 31, 2018 was approximately \$1,000,000.
55. The realtor that had previously listed the property for sale for \$750,000 as a commercial development site, has indicated that there is currently no market for the property as a commercial development site but said that the property would likely sell as farmland for approximately \$200,000.
56. The property is not currently listed for sale.
57. The Monitor has estimated the timeline for the sale of the on the Meridian Lodges lands to be between one and two years. The realtor has advised that if the monitor is prepared to sell as farm land then the lower realization amount may be achievable in a shorter time frame.

*Stonewater Motel Loan*

58. The Stonewater Motel Loan was repaid in full on December 7, 2018.
59. The loan proceeds received in the amount of \$ 1,315,797.14 were used to repay the DIP loan of \$935,165.84 and the balance of funds were paid to the Monitor to cover the ongoing restructuring fees and disbursements.
60. There remains an issue outstanding with respect to the DIP lender's position that it is entitled to minimum interest under the DIP loan. The Petitioner has paid the minimum interest of approximately \$75,000 under protest and is hopeful that the matter can be resolved in the near future without litigation.

*Buchmann Loan*

61. The Buchmann loan was made just prior to the commencement of the CCAA proceedings to finance the acquisition of a mortgage interest over certain lands and premises in Salmon Arm. The amount owed to the Petitioner as at December 31, 2018 was approximately \$565,000.
62. The 2018 BC Assessment value for the property is \$738,000.
63. The recent offer that Don Bergman referenced in his 9<sup>th</sup> Affidavit collapsed.
64. The Monitor has requested the Petitioner's counsel to proceed with a notice of intention to enforce security and if necessary, commence foreclosure proceedings.
65. The Monitor expects full recovery on the Buchmann Loan within the next six months.

*ACIC Financial Development Inc. Loan ("AFDI Loan")*

66. The AFDI Loan is a result of a debt restructuring described in Don Bergman's 6th Affidavit dated June 7, 2018. The amount owed to the Petitioner as at December 31, 2018 was approximately \$2,300,000.
67. The security that the Petitioner received as part of the restructuring of the AFDI Loan, was a 37.5% beneficial interest in a real estate joint venture with Seamount Investments Ltd. The joint venture owns five rental complexes in Alberta.
68. The restructuring involved the transfer to AFDI of two promissory notes due to the Petitioner from individuals. The transfers were necessary so that the Petitioner was in compliance with the lending requirements of a mortgage investment corporation.
69. The Monitor has been advised by Don Bergman that the joint venture is looking at refinancing and/ or a sale of real property to provide funds to repay the loan. Don Bergman expects the loan to be fully repaid within six months.

*Michael Lensen Loan*

70. The Michael Lensen loan is a personal loan advanced by the Petitioner in 2010. The amount owed to the Petitioner as at December 31, 2018 was approximately \$575,000.
71. The Petitioner has advised the Monitor that Michael Lensen owns a home in Surrey jointly with his spouse.
72. The Petitioner continues to make demands for repayment of the loan without success and has now instructed counsel to sue the borrower.

*Ron Weninger Loan*

73. The Ron Weninger Loan is a personal loan advanced by the Petitioner in 2013. The amount owed to the Petitioner as at December 31, 2018 is \$150,000. Ron Weninger has never made a payment on this loan.
74. Ron Weninger is also a preferred shareholder of the Petitioner that invested \$200,000 and has advised that he is not prepared to payback this loan.

*Wayne Blair Loan*

75. The Wayne Blair Loan is a personal loan advanced by the Petitioner in 2016. The amount owed to the Petitioner as at December 31, 2018 was approximately \$15,000.
76. According to Don Bergman, Wayne Blair intends to keep the interest payments current and repay the loan by the end of 2019.
77. The Monitor is expecting full recovery on this loan.

*Frederick Loan*

78. The Frederick Loan is a personal loan advanced by the Petitioner in December 2014. The amount owed to the Petitioner as at December 31, 2018 was approximately \$15,000.
79. The borrower has advised the Petitioner that he is trying to refinance or sell his property to provide funds to repay the loan.
80. The Monitor has requested the Petitioner to advise Frederick that unless the loan is fully repaid by February 28, 2019, a small claims action will be commenced.

81. The Monitor has estimated the timeline for recovery on the Frederick loan to be between six and twelve months.

Estimated Recovery From Other Loans

82. The Monitor has estimated the net recovery from the Other Loans to be between \$2,000,000 and \$5,000,000.

## G. ESTIMATED RECOVERY TO STAKEHOLDERS

83. The Monitor, based on its estimated realization from the sale of the real properties and recovery on the loan portfolio, estimates the recovery to the stakeholders as follows:

|                                    | <u>Low</u>           | <u>High</u>          |
|------------------------------------|----------------------|----------------------|
| Projected Cash Inflows             |                      |                      |
| Real Property                      | \$ 1,500,000         | \$ 1,700,000         |
| Agnes & Elliot condos              | 2,135,000            | 2,250,000            |
| Beta Property                      | -                    | 450,000              |
| Altezza Property                   | 1,850,000            | 2,230,000            |
| Sperling Property                  | 5,230,000            | 9,050,000            |
| Carleton Property                  | 1,000,000            | 3,000,000            |
| Other Loans                        | <u>2,000,000</u>     | <u>5,000,000</u>     |
|                                    | \$ 13,715,000        | \$ 23,680,000        |
| Projected Cash Outflows            |                      |                      |
| Restructuring Fees & Disbursements | 600,000              | 1,000,000            |
| GST Liability (Agnes & Elliot)     | <u>2,135,000</u>     | <u>-</u>             |
|                                    | 2,735,000            | 1,000,000            |
| Estimated Net Recovery             | <u>\$ 10,980,000</u> | <u>\$ 22,680,000</u> |

84. The Monitor estimates the recovery to the stakeholders, based on the above estimated net recovery as follows:

|                          | <u>Low</u>          | <u>High</u>        |
|--------------------------|---------------------|--------------------|
| Creditors (full payment) | \$ 3,811,980 (100%) | \$3,811,980 (100%) |
| Preferred Shareholders   | 7,168,020 (19%)     | 18,868,020 (50%)   |

Note: The recovery to preferred shareholders assumes that all preferred shareholders are treated equally.

85. The above recovery analysis does not include the potential recovery from personal or corporate guarantees.



## **H. BDO APPLICATION FOR SECURITY FOR COSTS**

86. BDO (the Petitioner's former auditors) was successful with its application for security for costs in proceedings the Petitioner commenced against BDO.
87. A copy of the Order is attached as Appendix B to this report.
88. The awarded security for costs of \$132,042 has not been paid into Court and is due by February 28, 2019.

## I. RESTRUCTURING PLAN AND CLAIMS PROCESS

89. Since the outset of the CCAA proceeding the intended plan of the Petitioner has been to conduct an orderly wind-down of the business in an effort to maximize the recovery to the stakeholders.
90. Until November 2018 Don Bergman was managing the wind-down of the business and since November 2018 the Monitor has been managing the wind-down of the business pursuant to expanded powers granted to the Monitor in the Order dated November 9, 2018.
91. Given that Don Bergman on behalf of the Petitioner is no longer in charge, the Monitor has had to consider whether or not a restructuring under a CCAA proceeding, which is typically a debtor managed process, is the most appropriate and cost-effective way to wind-down the business. The alternatives to wind up the business would be by way of a Court appointed receiver or bankruptcy.
92. It is the Monitor's view that a wind up of the business in a bankruptcy proceeding is not appropriate for the following reasons:
- a) Bankruptcy proceedings generally involve the liquidation of insolvent businesses that have no ability to carry on business and repay their creditors in full. In this case, the Petitioner intends to carry on the business until the loan portfolio is fully realized on and all real properties are sold. The Monitor estimates that the creditors will be paid in full and only the preferred shareholders will suffer a shortfall.
  - b) A bankruptcy would require an application to Court by a creditor or group of creditors to petition the company into bankruptcy. The Monitor is not sure that any of the creditors (not preferred shareholders) would want to incur the time and cost of making an application to Court given their expectation of being paid in full.

- c) There is no formal mechanism within a bankruptcy proceeding to pay any surplus funds after payment of the creditors to the shareholders.

93. It is the Monitor's view that the wind-up could be done by a Court appointed Receiver however there would be additional professional fees incurred to apply to Court for the Receiver's appointment and once appointed the preferred shareholders would not generally have any say in the wind up plan.

94. The current structure under a CCAA with additional powers granted to the Court appointed Monitor has the following benefits:

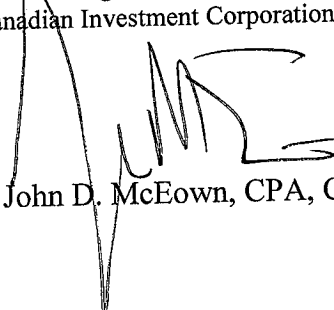
- a) There will be no additional professional fees and costs to appoint as Receiver or petition the Petitioner into bankruptcy.
- b) Proceeding under the CCAA allows the preferred shareholders to vote on the winding up plan and participate in the approval of any realizations under the plan that require Court approval.
- c) The Monitor believes that, based on its communications with the stakeholders, that the stakeholders are generally on board with the Court appointed Monitor winding up the business.
- d) The broad discretion that the Court has in a CCAA proceeding maybe helpful in resolving issues that may be encountered in realizing on the loan portfolio.

## J. CONCLUSIONS AND RECOMMENDATIONS

95. The Monitor is satisfied that progress is being made towards a formal restructuring plan.
96. The Monitor recognizes that the determination of the classification/priority of preferred shareholders that have requested redemption is required before the Plan can be formalized. This matter is scheduled to be heard on April 24, 2019.
97. The Petitioner has requested an extension of the stay of proceeding until April 26, 2019 which is the last day of the Preferred Shareholders Application.
98. The Monitor is of the view that the Petitioner is continuing to act in good faith and that the stakeholders will not be prejudiced by the extension being sought by the Petitioner.

DATED at the City of Vancouver, British Columbia, this 21<sup>st</sup> day of January, 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

## **APPENDIX A**

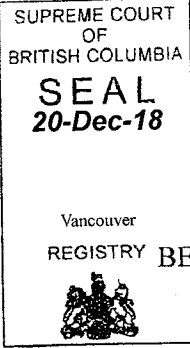
**Statement of Actual Cash Flow  
for the Period  
November 27, 2017 to December 31, 2018**

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

|  | Actual<br>Dec-17  | Actual<br>Jan-18  | Actual<br>Feb-28  | Actual<br>Mar-18 | Actual<br>Apr-18 | Actual<br>May-18  | Actual<br>Jun-18  | Actual<br>Jul-18  | Actual<br>Aug-18 | Actual<br>Sep-18 | Actual<br>Oct-18 | Actual<br>Nov-18 | Actual<br>Dec-18 | Actual<br>as of<br>Dec-18 |
|--|-------------------|-------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------|------------------|---------------------------|
| <b>Actual Cash Inflows</b>                   |                   |                   |                   |                  |                  |                   |                   |                   |                  |                  |                  |                  |                  |                           |
| Mortgage Interest Payments                   | \$ -              | \$ -              | \$ 1,746          | \$ -             | \$ -             | \$ -              | \$ -              | \$ -              | \$ -             | \$ 63,000        | \$ 9,769         | \$ -             | \$ -             | \$ 74,515                 |
| 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                   |
| Sale of Lot 5                                | -                 | -                 | -                 | -                | -                | -                 | -                 | -                 | -                | 679,638          | -                | -                | -                | 679,638                   |
| Repayment of Stonewater Motel Loan           | -                 | -                 | -                 | -                | -                | 1,500,000         | -                 | -                 | -                | -                | -                | -                | 1,315,797        | 1,315,797                 |
| DIP Financing Proceeds                       | -                 | -                 | -                 | -                | 35,000           | 1,500,000         | -                 | -                 | -                | 742,638          | 9,769            | -                | -                | 1,500,000                 |
| <b>Total Inflows</b>                         | <b>500,000</b>    | <b>995,641</b>    | <b>1,746</b>      | <b>4,000</b>     | <b>35,000</b>    | <b>1,500,000</b>  | <b>1,318</b>      | <b>-</b>          | <b>-</b>         | <b>742,638</b>   | <b>9,769</b>     | <b>-</b>         | <b>1,315,797</b> | <b>5,105,909</b>          |
| <b>Actual 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           | 25,000           | -                | -                | -                | 379,667                   |
| Bank Charges                                 | 90                | 65                | 149               | 85               | 69               | 105               | 134               | 135               | 85               | 130              | 114              | 125              | 95               | 1,380                     |
| Auditor Fees                                 | 4,000             | 22,250            | -                 | -                | -                | -                 | -                 | -                 | -                | -                | 3,767            | -                | -                | 30,017                    |
| Monitor's Fees                               | -                 | 13,942            | 20,000            | -                | -                | 36,423            | 17,034            | -                 | -                | 5,267            | 23,791           | -                | -                | 99,624                    |
| Legal Fees - Monitor's legal counsel         | -                 | -                 | 5,578             | -                | -                | 15,565            | 6,256             | -                 | 9,878            | -                | -                | -                | -                | 52,912                    |
| Legal Fees - Company's legal counsel         | 3,000             | 488               | 89,318            | 1,831            | 4,646            | 116,001           | 10,502            | 26,793            | 26,134           | 29,407           | 8,131            | -                | -                | 124,928                   |
| Appraisal Fee                                | -                 | -                 | -                 | -                | -                | -                 | 10,004            | -                 | -                | -                | -                | -                | -                | 10,004                    |
| RC Morris & Company - Loan Fees & Expenses   | -                 | 50,000            | -                 | -                | -                | 161,200           | -                 | -                 | -                | -                | -                | -                | -                | 211,200                   |
| RC Morris - Interest Payment - Dip Financing | -                 | -                 | -                 | -                | 23,144           | 23,144            | 22,397            | 23,144            | 23,144           | 22,397           | 23,144           | -                | -                | 137,370                   |
| Property Tax and Utilities                   | -                 | -                 | -                 | -                | -                | 13,533            | -                 | -                 | -                | -                | -                | -                | -                | 13,533                    |
| GST Remitted                                 | -                 | 19,750            | -                 | -                | -                | -                 | -                 | -                 | -                | -                | -                | -                | -                | 19,750                    |
| Office photocopies                           | -                 | -                 | -                 | 302              | -                | -                 | -                 | -                 | -                | -                | -                | -                | -                | 302                       |
| Repairs & Maintenance                        | -                 | -                 | -                 | -                | -                | -                 | 991               | -                 | -                | -                | -                | -                | -                | 991                       |
| Pest Control                                 | -                 | -                 | -                 | -                | -                | -                 | -                 | -                 | -                | -                | -                | -                | -                | 378                       |
| <b>Secured Debt Repayment</b>                | <b>57,090</b>     | <b>156,495</b>    | <b>165,045</b>    | <b>42,597</b>    | <b>29,715</b>    | <b>390,971</b>    | <b>91,327</b>     | <b>76,062</b>     | <b>84,240</b>    | <b>82,201</b>    | <b>58,947</b>    | <b>125</b>       | <b>317,226</b>   | <b>1,552,042</b>          |
| RC Morris - Repayment - Dip Financing        | -                 | -                 | -                 | -                | -                | -                 | -                 | -                 | -                | 678,138          | -                | -                | -                | 1,613,304                 |
| Van Marren Financial                         | -                 | 554,512           | -                 | -                | -                | -                 | -                 | -                 | -                | -                | -                | -                | -                | 554,512                   |
| Figgard Capital                              | -                 | 525,891           | -                 | -                | -                | 860,684           | -                 | -                 | -                | -                | -                | -                | -                | 1,386,575                 |
|  | -                 | 1,080,403         | -                 | -                | -                | 860,684           | -                 | -                 | -                | 678,138          | -                | -                | -                | 3,554,391                 |
| <b>Total Outflows</b>                        | <b>57,090</b>     | <b>1,236,898</b>  | <b>165,045</b>    | <b>42,597</b>    | <b>29,715</b>    | <b>1,251,655</b>  | <b>91,327</b>     | <b>76,062</b>     | <b>84,240</b>    | <b>760,339</b>   | <b>58,947</b>    | <b>125</b>       | <b>1,252,392</b> | <b>5,106,433</b>          |
| <b>Net Cash Inflows (Outflows)</b>           | <b>442,910</b>    | <b>(241,257)</b>  | <b>(163,299)</b>  | <b>(38,597)</b>  | <b>5,285</b>     | <b>248,345</b>    | <b>(90,009)</b>   | <b>(76,062)</b>   | <b>(84,240)</b>  | <b>(17,701)</b>  | <b>(49,178)</b>  | <b>(125)</b>     | <b>63,405</b>    | <b>(524)</b>              |
| <b>Opening Cash Position</b>                 | <b>69,134</b>     | <b>512,044</b>    | <b>270,787</b>    | <b>107,488</b>   | <b>68,891</b>    | <b>74,176</b>     | <b>322,521</b>    | <b>232,512</b>    | <b>156,450</b>   | <b>72,209</b>    | <b>54,508</b>    | <b>5,330</b>     | <b>5,205</b>     | <b>69,134</b>             |
| <b>Closing Cash Position</b>                 | <b>\$ 512,044</b> | <b>\$ 270,787</b> | <b>\$ 107,488</b> | <b>\$ 68,891</b> | <b>\$ 74,176</b> | <b>\$ 322,521</b> | <b>\$ 232,512</b> | <b>\$ 156,450</b> | <b>\$ 72,209</b> | <b>\$ 54,508</b> | <b>\$ 5,330</b>  | <b>\$ 5,205</b>  | <b>\$ 68,610</b> | <b>\$ 68,610</b>          |

## **APPENDIX B**

**BDO Security for Costs Order  
dated November 23, 2018**



No. VLC-S-S-183355  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

Vancouver  
REGISTRY BETWEEN:

ALL CANADIAN INVESTMENT CORPORATION

PLAINTIFF

AND:

BDO CANADA LLP

DEFENDANT

AND:

DONALD BERGMAN

THIRD PARTY

**ORDER MADE AFTER APPLICATION**

BEFORE ) THE HONOURABLE )  
) MR. JUSTICE WALKER )  
) ) 23/NOVEMBER/2018  
) )  
) )

ON THE APPLICATION of the Defendant BDO Canada LLP, coming on for hearing at the Courthouse, 800 Smithe Street, Vancouver, BC, on October 18 and 29, 2018, and November 23, 2018 and on hearing Howard A. Mickelson, Q.C., Janet L. Gartner, and Adrian Greer for the Defendant, Alastair Wade for the Plaintiff and the Third Party, Jeremy West for the Plaintiff in the proceedings pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36, Vancouver Registry Action No. S1710393 (the "CCAA Proceedings"); and Doug Hyndman for Boale, Wood & Company Ltd. (the "Monitor") in the CCAA Proceedings, and on reading the material filed;

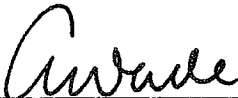
THIS COURT ORDERS that:

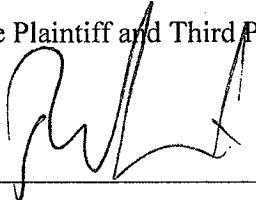
1. The action against the Defendant BDO Canada LLP (the "Claim") be stayed until security for costs is posted in the amount of \$132,042 (the "Security"),




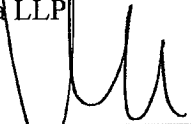
2. The Security shall be held in trust by Alastair Wade Law Corporation and shall be posted by no later than 4:00 p.m. on February 28, 2019, following which the Defendant BDO Canada LLP be at liberty to apply to dismiss the Claim.
3. The parties be at liberty to apply to vary the amount of the Security.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

  
\_\_\_\_\_  
Alastair Wade  
Counsel for the Plaintiff and Third Party

  
\_\_\_\_\_  
Jeremy West  
Counsel for the Plaintiff  
in the CCAA Proceedings

Per:   
\_\_\_\_\_  
Howard A. Mickelson, Q.C.  
Counsel for the Defendant  
BDO Canada LLP

  
\_\_\_\_\_  
Doug Hyndman, for the Monitor  
Boale, Wood & Company  
in the CCAA Proceedings

By the Court

Digitally signed by  
Peter Lee

Digitally signed by  
Walker, J

\_\_\_\_\_  
Registrar