



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 SEVENTEENTH REPORT TO COURT**

**NOVEMBER 4, 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**

## TABLE OF CONTENTS

<b>A. INTRODUCTION.....</b>	<b>2</b>
<b>B. DISCLAIMER AND TERMS OF REFERENCE.....</b>	<b>3</b>
<b>C. ACTIVITIES OF THE PETITIONER SINCE JULY 30, 2019.....</b>	<b>4</b>
<b>D. ACTIVITIES OF THE MONITOR SINCE JULY 30, 2019.....</b>	<b>6</b>
<b>E. ACTUAL CASH FLOW FROM NOVEMBER 27, 2017 TO SEPTEMBER 30, 2019....</b>	<b>8</b>
<b>F. PETITIONER’S ORDERLY WIND-DOWN OF THE BUSINESS .....</b>	<b>10</b>
<b>G. UPDATED ESTIMATE OF RECOVERY TO STAKEHOLDERS .....</b>	<b>24</b>
<b>H. BDO LITIGATION .....</b>	<b>26</b>
<b>I. RESTRUCTURING PLAN AND CLAIMS PROCESS.....</b>	<b>27</b>
<b>J. CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>28</b>

## A. INTRODUCTION

1. This report (the “**Seventeenth 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 Seventeenth Report is to provide the Court with:
  - a) an update on the Petitioner’s activities since July 30, 2019;
  
  - b) an update on the Monitor’s activities since July 30, 2019;
  
  - c) the Actual Cash Flow Statement from November 27, 2017 to September 30, 2019;
  
  - d) an update on the Petitioner’s orderly wind-down of the business;
  
  - e) an update on the estimated recovery to the stakeholders;
  
  - f) an update on the BDO litigation;
  
  - g) the Monitor’s view on the Petitioner’s Restructuring Plan and claims process;
  
  - 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 JULY 30, 2019**

6. Since the date of the Monitor's Fourteenth Report (the last comprehensive report of the Monitor) 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) Communicating with borrowers regarding payment of both loan interest and principal repayments;
  - c) Communicating with the Monitor, the Monitor's counsel, Peter Censorio and his counsel regarding offers on Altezza and the status of construction and financing on the Carleton project;
  - d) Communicating with stakeholders regarding the CCAA proceedings;
  - e) Preparing and filing of several lawsuits against Petitioner borrowers including:
    - i. Action # S1910894, All Canadian Investment Corporation v. Michael Adrian Lensen, Vancouver Registry;
    - ii. Action # S1910871, All Canadian Investment Corporation v. Meridian Resource Accommodations Inc., Vancouver Registry;
    - iii. Action # S1910895, All Canadian Investment Corporation v. Wayne and Barb Blair, Vancouver Registry;

- iv. Action # S1910893, All Canadian Investment Corporation v. Robert Frederick and Katherine Frederick; and
- v. Action # S1910892, All Canadian Investment Corporation v. Ronald Weninger, also known as Ron Weninger and Elfrieda Weninger, Vancouver Registry
- f) Preparing materials for applications to Court with respect to the Altezza Lands and extending the stay; and
- g) Preparation of the restructuring plan and claims process order.

#### **D. ACTIVITIES OF THE MONITOR SINCE JULY 30, 2019**

7. Since the date of the Monitor's Fourteenth Report (the last comprehensive report of the Monitor) the Monitor has undertaken, amongst other things, the following activities:
  - a) Communicating with the Petitioner and legal counsel regarding the sale of the Lee Road property and Court approval of same;
  - b) Meetings and discussions with legal counsel and the real estate agents regarding negotiations with prospective purchasers for the Altezza Lands and preparation of a report to Court with respect to an accepted offer for the Altezza Lands;
  - c) Meeting and discussions with legal counsel for the Petitioner regarding the restructuring plan and claims process;
  - d) Meetings and discussions with legal counsel regarding the commencement of legal action against borrowers of the Petitioner;
  - e) Corresponding with Hank Andresen regarding a forensic review and potential claim against Don Bergman;
  - f) Discussion with Don Bergman regarding further reduction in monthly management fee;
  - g) Correspondence with Petitioner and Peter Censorio regarding unpaid property taxes and timing of tax sale if not paid;

- h) Reviewing the Reasons issued with respect to the preferred shareholder application and communicating the decision to the Stakeholders;
- i) Preparation of materials for the taxation of the Monitor's accounts;
- j) Meetings and discussions with counsel regarding commencement of an action against AFDI/Don Bergman;
- k) Communicating with the Petitioner's counsel and counsel for the Censorio Group of Companies regarding the registration of a CPL on the Carleton Lands;
- l) Meetings and discussions with Peter Censorio and his counsel regarding approval of further advances on the Carleton project and communications with Peoples and Bancorp regarding same;
- m) Monitoring the Petitioner's cash receipts and disbursements;
- n) Communicating with the Petitioner's stakeholders and responding to their enquiries and updating the Monitor's website; and
- o) Preparing the Monitor's Sixteenth and Seventeenth Report to the Court in the CCAA Proceedings.



**E. ACTUAL CASH FLOW FROM NOVEMBER 27, 2017 TO SEPTEMBER 30, 2019**

8. The Actual Cash Flow from November 27, 2017 to September 30, 2019 can be summarized as follows:

*Actual Cash Inflows*

Mortgage Interest Payments	\$ 181,116
Mortgage Paydowns	1,140,318
Sale of Real Properties	1,144,489
Repayment of Stonewater Motel Loan	1,315,797
DIP Financing Proceeds	<u>1,500,000</u>
	\$5,281,720

*Actual Cash Outflows*

*Operations*

Management Fees	\$ 424,667
Bank Charges	2,170
Auditor Fees	30,017
Monitor's Fees/Disbursements	294,252
Legal Fees/Disbursements (Monitor's counsel)	124,839
Legal Fees/Disbursements (Petitioner's counsel)	503,867
Appraisal Fees	10,949
DIP Loan Fees & Expenses	211,200
DIP Loan Interest	137,370
Property Taxes & Utilities	14,109
GST	19,750
Other Miscellaneous Expense	<u>6,250</u>
	\$1,779,440

*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 (outflows)	(\$ 52,111)
Opening Cash Position	<u>69,134</u>
Closing Cash Position	<u>\$ 17,023</u>

9. All cash transactions are being processed through the Monitor's Trust account and not through the Petitioner's bank account.
  
10. As a result of recent payments of interest by the Petitioner's borrowers the professional fees of the Petitioner counsel, the Monitor and its counsel are now current.

**F. PETITIONER’S ORDERLY WIND-DOWN OF THE BUSINESS**

*Real Property Update*

11. Since the commencement of the CCAA Proceeding the Petitioner has completed the sale of the two Garden Bay properties and one of three Pender Harbour properties.
12. The two remaining Pender Harbour Properties are listed for sale on the MLS listing service as follows:

Pender Island - Lot 4	\$ 749,000
Pender Island – Lot 6	<u>999,000</u>
	<u>\$1,748,000</u>

13. The Monitor estimates the net recovery from the sale of these properties as follows:

	<u>Low</u>	<u>High</u>
Estimated Sale Proceeds	\$1,400,000	\$1,600,000
Less: Commission and Closing Costs (5%)	(70,000)	(80,000)
Property taxes	<u>(30,000)</u>	<u>(20,000)</u>
	(100,000)	(100,000)
Estimated Net Recovery	<u>\$1,300,000</u>	<u>\$1,500,000</u>

14. As these properties are summer recreational properties, the Monitor has estimated the timeline for sale of these properties to be between 6 months and a year.

### ***Loan Portfolio Update***

#### **Agnes & Elliot Loan (Censorio company)**

15. 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 September 30, 2019 is approximately \$7,575,000.
16. 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.
17. 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.
18. The residential units were listed for sale in August 2018 with a realtor on the MLS Service. The sale of three of the units have completed and the net sale proceeds of \$1,377,834.40 have been paid into Court pending determination of the priority of outstanding GST debt of the borrower of approximately \$2,200,000.
19. The one remaining unit is listed Ryan Eagleton of Remax on the Multiple Listing Service. The list price has recently been reduced to \$799,000.

20. The Monitor estimates the net recovery from the sale of all four of the Agnes and Elliot properties as follows:

	<u>Low</u>	<u>High</u>
Proceeds paid into Court	\$1,377,834	\$1,377,834
Sale Proceeds (remaining unit)	\$750,000	\$790,000
Less: Commission and Closing Costs (5%)	(37,500)	(39,500)
Strata Fees	(30,000)	(30,000)
Property taxes	<u>(20,000)</u>	<u>(10,000)</u>
	(87,500)	(79,500)
Estimated Net Recovery	<u>\$2,040,334</u>	<u>\$2,088,334</u>

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

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

Chisa Loan (Censorio Company)

22. 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 September 30, 2019 was approximately \$1,050,000.

23. A 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 September 30, 2019 was approximately \$3,550,000.
25. The sale of the office component of the Beta property for \$2,100,000 completed on March 5, 2019. The net sale proceeds were used firstly to payout Blueshore Financial Credit Union, the first mortgagee and secondly to significantly paydown Bancorp Financial Services Inc., the second mortgagee.
26. The sale of the retail component of the Beta property for \$2,100,000 completed on June 28, 2019. The net sale proceeds were used firstly to payout Blueshore Financial Credit Union, the first mortgagee and secondly to payout Bancorp Financial Services Inc., the second mortgagee.
27. As a result of the payout of the Bancorp inter alia mortgage, the equity in the remaining Censorio properties securing the Petitioner's loans has increased.

Altezza Loan (Censorio company)

28. 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 September 30, 2019 was approximately \$9,980,000.
29. The Altezza Lands have been listed for sale with Cushman Wakefield on the Multiple Listing Service since January 2019. The initial listing price for the Altezza Lands was \$4,400,000. The list price was reduced to \$3,900,000 in August 2019.
30. A purchase and sale agreement for the Altezza Lands has recently been entered into by the Borrower. The sale price is \$3,650,000 with the subject removal date of November 5, 2019 and a closing date on November 19, 2019.
31. Assuming the sale completes, the Monitor estimates the net recovery from the sale of the Altezza property as follows:

Estimated Sale Proceeds	\$3,650,000
Less: Commission and Closing Costs (4%)	(146,000)
First Mortgage (Blueshore)	(1,700,000)
Second Mortgage (Bancorp)	(100,000)
Property taxes	<u>(115,000)</u>
	(\$2,061,000)
Estimated Net Recovery	<u>\$1,589,000</u>

Sperling Loan (Censorio company)

32. 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 September 30, 2019 was approximately \$1,040,000.
33. Cushman & Wakefield has recently advised the Monitor that the estimated current price (before rezoning) that a speculative purchaser may be willing to pay for the Sperling Lands is between \$6.5 and \$7.5 million. After rezoning the value of the property is estimated to be between \$7.7 and \$10 million. Cushman & Wakefield's recommends that the listing of the property be deferred until the City of Burnaby Lochdale Plan is finalized or at least until the policy framework is known which could be in the next few months. Given the significantly higher value that could be realized if the property is rezoned the Monitor is of the view that the listing of the property should be deferred until there is more certainty regarding the potential rezoning of the property.
34. 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	\$6,000,000	\$10,000,000
Less: Commission and Closing Costs (5%)	(300,000)	(500,000)
First Mortgage (Blueshore)	(2,200,000)	(2,200,000)
Property taxes	<u>(150,000)</u>	<u>(200,000)</u>
	(2,650,000)	(2,900,000)
Estimated Net Recovery	<u>\$3,350,000</u>	<u>\$7,100,000</u>



Carleton Loan (Censorio company)

35. The Carleton Loan is in respect of a mixed-use development being constructed in Burnaby. The amount owing to the Petitioner as at September 30, 2019 was approximately \$2,300,000.
36. This development was initially scheduled for completion in September 2018. The Monitor has recently been advised by Peter Censorio that the development should be completed in late November or early December.
37. Due to increasing concerns by the Monitor that the Petitioner's equity was at risk of being materially eroded, a decision was recently made to commence proceedings and register a certificate of pending litigation against the property. Immediately following the registration, the priority lenders were advised that the Petitioner was prepared to work cooperatively with them and provide required priority agreements for future construction funding upon being satisfied that such advances are properly supported and necessary to complete the project.
38. The Monitor has reviewed the September Quantity Surveyor report and draw request and has also communicated with Peter Censorio and the construction financiers. Upon being satisfied that the requested draw was properly supported and necessary the Monitor entered into a priority agreement with the construction financier to allow the progress draw to be processed by the construction financier.
39. In October the Monitor met with Peter Censorio, attended at the site and reviewed further documentation provided by Peter Censorio with respect to the estimated completion costs and estimated timeline for completion.

40. Based on the information provided by Peter Censorio it is evident that additional financing will be required to complete the Carleton development. Peter Censorio has advised the Monitor that he is trying to arrange additional financing.
41. As a result of delays and further cost overruns the estimated net recovery to ACIC stakeholders from the Carleton loan will be less than \$1,000,000.
42. The Monitor estimates the timeline for payment from the Carleton development to be between three and five months.

#### Other Loans

##### *0911368 BC Ltd. Loan (“911 Loan”)*

43. 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 September 30, 2019 was approximately \$3,400,000.
44. 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.
45. At the request of the Monitor, a formal nominee and agency agreement was executed by 1001695 B.C. Ltd. confirming the trust arrangement.
46. The recovery to the Petitioner is dependent on the success of Meridian Accommodations (owned 90% by W.L.A. Financial Corporation) in pursuing contracts with BC Housing to construct modular housing developments.
47. The Monitor estimated the timeline for recovery on this loan to be between two and four years.

*Meridian Lodges Loan*

48. 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 September 30, 2019 was approximately \$1,100,000.
49. The sale of the property as a commercial development site is not foreseeable in the near future. Accordingly, the Monitor intends to take steps to have the property listed for sale as farmland.
50. The Monitor estimates the net recovery to the ACIC stakeholders to be between \$200,000 and \$250,000.
51. The Monitor estimates the timeline for the sale of the on the Meridian Lodges lands as farmland to be between 6 months and one year.
52. Petitioner, on the instructions of the Monitor has commenced proceedings and served the borrower. In response to the service of the proceedings the borrower alleges that the loan advance, and the debt owing, is a non-recourse advance, the ramifications of which would mean that the Petitioner's recovery would be restricted to the value of the property. Counsel for the Petitioner is carrying out further enquires with respect to the matter.

*Stonewater Motel Loan*

53. The Stonewater Motel Loan was repaid in full on December 7, 2018.
54. 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.

55. 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*

56. 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 September 30, 2019 was approximately \$510,000.
57. In borrower has been making period payments towards the principal and interest including two payments in October 2019 totalling \$168,464.77 which payments have reduced the loan balance to \$345,938.66.
58. The Monitor has requested the Petitioner's counsel to proceed with a notice of intention to enforce security (which has been delivered) and if necessary, commence proceedings to assume conduct of the foreclosure proceedings and seek an order for sale of the property.
59. The Monitor expects full recovery on the Buchmann Loan within the next 6 months.

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

60. 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 September 30, 2019 was approximately \$2,400,000.

61. 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.
62. 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.
63. Although Don Bergman has advised the Monitor that the joint venture was looking at refinancing and/ or a sale of real property to provide funds to repay the loan, there has been no progress to date.
64. The Monitor is commencing a lawsuit against AFDI for the recovery of the monies owed to the Petitioner.

*Michael Lensen Loan*

65. The Michael Lensen loan is a personal loan advanced by the Petitioner in 2010. The amount owed to the Petitioner as at September 30, 2019 was approximately \$625,000.
66. The Petitioner has advised the Monitor that Michael Lensen owns a home in Surrey jointly with his spouse.
67. At the request of the Monitor the Petitioner's counsel has commenced proceedings against Michael Lensen.

68. The notice of civil claim was served on Michael Lensen on October 9, 2019. At the request of Michael Lensen, the Petitioner's counsel granted a 7-day extension for the filing of the response to civil claim to November 6, 2019 and response to civil claim was served November 4, 2019.

*Ron Weninger Loan*

69. The Ron Weninger Loan is a personal loan advanced by the Petitioner in 2013. Ron and his wife Elfrieda Weninger entered into a written loan restructuring agreement in 2014 regarding the Ron Weninger Loan. The amount owed to the Petitioner as at September 30, 2019 is \$150,000. Ron Weninger has never made a payment on this loan.
70. 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.
71. At the request of the Monitor the Petitioner's counsel has commenced proceedings against Ron and Elfrieda Weninger.
72. Counsel for the Petitioner received an unfiled response to civil claim from Ron and Elfrieda Weninger on October 31, 2019 with a letter advising that a filed copy would soon follow. The response to civil claim denies the indebtedness of Ron and Elfrieda Weninger.

*Wayne Blair Loan*

73. The Wayne Blair Loan is a personal loan advanced by the Petitioner in 2016.
74. The Petitioner advanced a total of \$35,000 to Wayne and Barb Blair in 2016. Wayne and Barb Blair have repaid approximately \$20,000 of this sum. The amount owed to the Petitioner as at September 30, 2019 was approximately \$15,250.
75. At the request of the Monitor the Petitioner's counsel has commenced proceedings against Wayne and Barb Blair.

*Frederick Loan*

76. The Frederick Loan is a personal loan advanced by the Petitioner in December 2014. The amount owed to the Petitioner as at September 30, 2019 was approximately \$15,750.
77. The borrower had initially advised the Petitioner that he is trying to refinance or sell his property to provide funds to payback the loan, however, this has not happened.
78. At the request of the Monitor the Petitioner's counsel has commenced proceedings against Robert and Katherine Frederick. The Petitioner's counsel is currently in the process of serving these proceedings on Robert and Katherine Frederick.

*Censorio Development Ltd. Loan*

79. The Censorio Development Ltd. Loan is a loan with no real property/mortgage attached to it. The amount owed to the Petitioner as at September 30, 2019 was approximately \$6,990,000.
80. The Monitor is not expecting any recovery on this loan.

Estimated Recovery From Other Loans

81. The Monitor has estimated the net recovery from the Other Loans that have not already been realized on to be between \$1,000,000 and \$4,000,000.



## G. UPDATED ESTIMATE OF RECOVERY TO STAKEHOLDERS

82. 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>
Current Cash on Hand	\$17,000	\$17,000
Projected Cash Inflows		
Real Property	\$1,300,000	\$1,500,000
Agnes & Elliot condos	2,000,000	2,100,000
Altezza Property	1,500,000	1,600,000
Sperling Property	3,300,000	7,100,000
Carleton Property	-	1,000,000
Other Loans	<u>1,000,000</u>	<u>4,000,000</u>
	\$9,100,000	\$17,300,000
Projected Cash Outflows		
Restructuring Fees & Disbursements	\$ 500,000	\$ 700,000
GST Liability (Agnes & Elliot)	<u>2,000,000</u>	<u>-</u>
	2,500,000	\$ 700,000
 Estimated Net Recovery	 <u>\$6,617,000</u>	 <u>\$16,617,000</u>

83. 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)	\$4,060,473 (100%)	\$4,060,473 (100%)
Preferred Shareholders	2,556,527 (7%)	12,556,527 (34%)

84. The estimated recovery to the stakeholders is lower than previous estimates for, among others, the following reasons:

- a) lower expected recoveries on Peter Censorio loans due to decline in real estate market and cost overruns on the Carleton project.
- b) lower expected recoveries on the other loans due to borrowers not honoring the commitments in a timely manner requiring the Petitioner to commence legal proceedings to effect recovery.

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

## **H. BDO LITIGATION**

85. BDO (the Petitioner's former auditors) was successful with its application for security for costs in proceedings the Petitioner commenced against BDO.
86. The awarded security for costs of \$132,042 was paid into Court in February 2019. It was not paid utilizing the Petitioner's funds.
87. The Monitor is not aware of any further development with respect to this litigation.

## **I. RESTRUCTURING PLAN AND CLAIMS PROCESS**

89. As a result of the Honorable Mr. Justice Walker's recent decision that all preferred shareholders are equity claimants, the Petitioner can now finalize the formal plan of arrangement and claims process.
90. The Monitor has been provided with a draft plan of arrangement and claim process order by the Petitioner's counsel which the Monitor is in the process of reviewing. The Monitor will provide its comments to counsel for the Petitioner.
91. The Petitioner will also be seeking direction from the Court regarding the timeline for an application to approve the claims process order for the purposes of proceeding with a meeting to approve the plan of arrangement.

## **J. CONCLUSIONS AND RECOMMENDATIONS**

91. The Petitioner continues to make progress in liquidating the assets of the Petitioner under the management and direction of the Monitor.
92. The plan of arrangement and claims process order are expected to be finalized in the next few months with voting on the plan likely to occur early in 2020.
93. The Petitioner has requested an extension of the stay of proceeding until February 6, 2020 and it is anticipated that by this extension date the claims process should be complete and arrangements will be in place for the plan of arrangement to be voted on.
94. 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 4<sup>th</sup> 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