

COURT FILE NUMBER	1803-23072
COURT	COURT OF KING'S BENCH OF ALBERTA IN BANKRUPTCY AND INSOLVENCY
MATTER	IN THE MATTER OF THE RECEIVERSHIP OF CHATUR HOLDINGS LTD., GLOBE IMPORTS (ONTARIO) LTD. and 895102 ALBERTA LTD.
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	HSBC BANK OF CANADA
DEFENDANT	CHATUR HOLDINGS LTD., GLOBE IMPORTS (ONTARIO) LTD., 895102 ALBERTA LTD., FARHAN CHATUR, NAZIR JAVER, FEIZAL CHATUR, ALKARIM CHATUR, SALIM CHATUR, AMIRALI CHATUR, ZARIAN CHATUR, and NASSIM CHATUR
APPLICANT	MNP LTD., in its capacity as Receiver of CHATUR HOLDINGS LTD., GLOBE IMPORTS (ONTARIO) LTD. and 895102 ALBERTA LTD
DOCUMENT	APPLICATION FOR ORDER FOR FINAL DISTRIBUTION, APPROVAL OF RECEIVER'S FEES AND DISBURSEMENTS, APPROVAL OF RECEIVER'S ACTIVITIES AND DISCHARGE OF RECEIVER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	DLA Piper (Canada) LLP 2700, 10220-103 Ave NW Edmonton, AB T5J 0K4 Attention: Jerritt R. Pawlyk / Kevin N. Hoy Phone: 780.426.5330 Email: jerritt.pawlyk@dlapiper.com / kevin.hoy@dlapiper.com File No. 063227-00011

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.
You have the right to state your side of this matter before the Justice.

To do so, you must be in Court when the application is heard as shown below:

Date	June 7, 2023
Time	10:00 a.m.
Where	Edmonton Courts via WebEx Virtual Courtroom 86 https://albertacourts.webex.com/meet/virtual.courtroom86
Before Whom	The Honourable Justice G.S. Dunlop

Remedy claimed or sought:

1. MNP Ltd. (the “**Receiver**”), in its capacity as Court-appointed receiver and manager of all current and future assets, undertakings, and properties of Chatur Holdings Ltd. (“**Chatur Holdings**”), Globe Imports (Ontario) Ltd. (“**Globe Imports**”) and 895102 Alberta Ltd. (895 Alberta, and collectively with Chatur Holdings and Globe Imports, the “**Debtors**”) seeks, pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”), an Order, substantially in the form of the Draft Order for Final Distribution, Approval of Receiver’s Fees and Disbursements, Approval of Receiver’s Activities and Discharge of Receiver (the “**Discharge Order**”) attached as Schedule “**A**” hereto:
 - a) abridging time for service of this application and deeming service good and sufficient, if necessary;
 - b) approving, without limitation:
 - i. all of the actions of the Receiver with respect to the Debtors in relation to the discharge of the Receiver’s duties and responsibilities as prescribed by the Order of this Honourable Court in these proceedings dated December 12, 2018 (the “**Receivership Order**”), as such actions are described in the Receiver’s First Report, dated May 29, 2023 (the “**First Report**”);
 - ii. all of the actions taken by the Receiver with respect to the Debtors’ books and records;
 - iii. the professional fees and disbursements of the Receiver and the Receiver’s independent legal counsel, DLA Piper (Canada) LLP (“**DLA Piper**”), as are set out in the First Report, without the necessity of a formal passing of the Receiver’s accounts; and
 - iv. the Receiver’s proposed Cost Allocation and Distribution, as is set out in the First Report.
 - c) directing and authorizing the Receiver to maintain a holdback from funds receipted in these proceedings in the amount of \$27,000 (the “**Holdback**”) to allocate towards the professional fees of the Receiver and DLA Piper to complete the administration of the Receivership;
 - d) directing and authorizing the Receiver to distribute the aggregate amount of \$91,707 from funds receipted in these proceedings to the Canada Revenue Agency (“**CRA**”);
 - e) directing and authorizing the Receiver to distribute all remaining funds to HSBC Bank Canada (“**HSBC**”);
 - f) discharging the Receiver from its obligations upon the completion of the outstanding activities described in the draft Discharge Order;
 - g) adjudging and declaring that, based on the evidence before this Honourable Court, the Receiver:
 - i. has acted honestly and in good faith, and has dealt with the property of the Debtors’ and carried out the mandate imposed on the Receiver pursuant to the Receivership Order in a commercially reasonable manner; and
 - ii. shall not be liable for any act or omission, including, without limitation, any act or omission arising from, relating to or in connection with its discharge of its mandate,

save and except for any liability arising out of fraud, gross negligence, or wilful misconduct on the part of the Receiver;

- h) adjudging and declaring that no action or other proceedings shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver, except with prior leave of this Court on Notice to the Receiver, and upon such terms as this Court may direct; and
- i) such further and other relief as this Honourable Court may deem just.

Grounds for making this application:

- 2. On December 12, 2018, The Bowra Group Inc. (being the predecessor of MNP Ltd.) was appointed as Receiver over the current and future assets, undertakings, and properties of the Debtors, pursuant to the Receivership Order of the Honourable Justice R.A. Graesser upon the Application of HSBC.
- 3. Chatur Holdings and Globe Imports previously engaged in the business of importing, manufacturing, distribution, and sales of furniture. HSBC acted as senior secured lender to Chatur Holdings and Globe Imports.
- 4. 895 Alberta guaranteed the debts owing by Chatur Holdings and Globe Imports to HSBC.
- 5. On or about November 27, 2017, a commercial facility operated by Chatur Holdings and Globe Imports in Mississauga, Ontario sustained a fire loss (the "**Fire Loss**"). The Fire Loss destroyed or significantly damaged the business assets of Chatur Holdings and Globe Imports. Subsequent to the Fire Loss, Chatur Holdings and Globe Imports ceased to carry on their furniture business.
- 6. In mid-2018, HSBC demanded repayment of indebtedness owed to it by the Debtors. The Debtors failed to repay the outstanding indebtedness upon HSBC's demand and HSBC thereafter commenced these proceedings in late 2018, ultimately applying for and obtaining the Receivership Order on December 12, 2018.

The Receiver's Activities Following Appointment

- 7. The Receivership Order appointed the Receiver as Receiver of all of the current and future assets, undertakings, and properties of the Debtors, excepting a parcel of real property located in Alberta belonging to 895 Alberta. Following its appointment, the Receiver:
 - a) reviewed the Debtors' books and records;
 - b) took possession of servers belonging to the Debtors;
 - c) engaged with a digital forensics company to review the Debtors' servers; and
 - d) reviewed transactions completed by the Debtors prior the commencement of these proceedings.
- 8. Upon taking control of the Debtors' property and undertakings, the Receiver determined that the Debtors had no material business assets and that the only property of the Debtors realizable by the Receivership estate consisted of an insurance claim (the "**Insurance Claim**") in respect of the Fire Loss.

9. The Receiver continued to prosecute the Insurance Claim in an Ontario Superior Court of Justice (“**ONSC**”) action, which was actively defended by the Debtors’ insurer. In September 2022, the Receiver concluded a settlement agreement with the Debtors’ insurer respecting the Insurance Claim. Under the terms of the said settlement agreement, which the Receiver determined to be reasonable in consultation with HSBC, the Receiver received \$587,500 in settlement proceeds in exchange for discontinuing the ONSC action and releasing the insurer from all liability in connection with the Insurance Claim.
10. The Receiver determined that transfers of funds (the “**Questioned Transactions**”) to third parties by Chatur Holdings and Globe Imports immediately prior to the commencement of these proceedings may constitute fraudulent preferences or conveyances. So as to gain the benefit of sections 95 to 101 of the *BIA*, the Receiver caused Chatur Holdings and Globe Imports to make assignments into bankruptcy on February 20, 2019, and March 8, 2019, respectively. MNP Ltd. served concurrently as the Receiver and the Trustee in Bankruptcy (the “**Trustee**”) of Chatur Holdings and Globe Imports.
11. Between August 2020 and August 2022, the Trustee sought and obtained five Orders of this Court suspending limitations periods in respect of the Questioned Transactions.
12. On April 24, 2023, the Receiver concluded a settlement agreement with the third party recipient of funds under the Questioned Transactions pursuant to which that party paid the sum of \$50,000 directly to HSBC to the credit of the outstanding indebtedness owing by the Debtors.

Proposed Distributions

13. As is particularized in Schedule “D” to the First Report, the total amount realized by the Receiver in these proceedings, exclusive advances made to the Receiver by HSBC pursuant to a Receivers’ Certificates, was \$587,500. The Receiver currently holds \$555,578 in the Receivership estate.
14. The Receiver has only identified two creditors entitled to receive any distribution of the fund received into the Receivership estate -- namely, CRA and HSBC.
15. CRA maintains a super-priority interest in the funds received pursuant to section 227 of the *Income Tax Act*, RSC 1985, c 1, on account of outstanding employer source deductions which Chatur Holdings and Globe Imports failed to remit prior to the commencement of the Receivership. Specifically, CRA maintains property claims against Chatur Holdings corresponding to unremitted source deductions in the amount of \$8,336 and against Globe Imports corresponding to unremitted source deductions in the amount of \$83,371. The Receiver, therefore, proposes to distribute the sum of \$91,707 to CRA.
16. The Receiver intends to constitute and withhold the Holdback from immediate distribution to HSBC. The Receiver proposes to allocate up a maximum of \$12,000 of the Holdback towards anticipated fees and disbursements of its counsel and up to a maximum of \$15,000 of the Holdback towards the fees and disbursements of the Receiver.
17. The Receiver proposes to distribute the remaining balance of \$436,871 to HSBC. The receiver further proposes to distribute the balance of the Holdback, if any, to HSBC following the filing of the Receiver’s Discharge Certificate.

Outstanding Matters

18. To discharge its outstanding obligations owing under its mandate in these proceedings, the Receiver must:
 - a) distribute the net funds realized by the Receiver in these proceedings;

- b) close the general trust account opened by the Receiver in connection with these proceedings; and
- c) file the Affidavit of Licensed Trustee.

Approval of Receiver's Activities and Conduct and Request for Discharge

- 19. The Receiver submits that it has carried out its duties imposed on it pursuant to the *BIA*, the Receivership Order, and common law honestly and in good faith. In so doing, the Receiver has dealt with the property of the Debtors in a commercially reasonable manner.
- 20. The Receiver, therefore, respectfully submits that this Honourable Court may exercise its authority to approve the fees and conduct of the Receiver and to discharge the Receiver of such duties upon the completion of the outstanding matters particularized in the draft Discharge Order.

Material or evidence to be relied on:

- 21. Trustee's First Report, dated July 27, 2020, Trustee's Second Report, dated February 22, 2021, Trustee's Third Report, dated February 22, 2022, Trustee's Fourth Report, dated February 22, 2022, Trustee's Fifth Report, dated August 22, 2022, and Receiver's First Report, dated May 28, 2023.
- 22. The pleadings and proceedings taken herein.
- 23. (draft) Discharge Order redlined against the template Discharge Order approved by the Court of King's Bench of Alberta.
- 24. Such further and other material as counsel may advise.

Applicable rules:

- 25. Rules 6.3(1) and 6.9(1) of the *Alberta Rules of Court*, Alta Reg. 124/2010.

Applicable Acts and regulations:

- 26. *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3.
- 27. *Personal Property Security Act*, RSA 2000, c P-7.
- 28. *Income Tax Act*, RSC 1985, c 1.

Any irregularity complained of or objection relied on:

- 29. Not applicable to this Application.

How the application is proposed to be heard or considered:

- 30. Via WebEx, in Virtual Courtroom 86, before the Honourable Justice G.S. Dunlop, accessible at <https://albertacourts.webex.com/meet/virtual.courtroom86>.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

Schedule "A"

COURT FILE NUMBER 1803-23072

COURT COURT OF KING'S BENCH OF ALBERTA IN
BANKRUPTCY AND INSOLVENCY

MATTER **IN THE MATTER OF THE RECEIVERSHIP OF
CHATUR HOLDINGS LTD., GLOBE IMPORTS
(ONTARIO) LTD. and 895102 ALBERTA LTD.**

JUDICIAL CENTRE EDMONTON

PLAINTIFF HSBC BANK OF CANADA

DEFENDANT CHATUR HOLDINGS LTD., GLOBE IMPORTS
(ONTARIO) LTD., 895102 ALBERTA LTD., FARHAN
CHATUR, NAZIR JAVER, FEIZAL CHATUR, ALKARIM
CHATUR, SALIM CHATUR, AMIRALI
CHATUR, ZARIAN CHATUR, and NASSIM CHATUR

APPLICANT MNP LTD., in its capacity as Receiver of CHATUR
HOLDINGS LTD., GLOBE IMPORTS
(ONTARIO) LTD. and 895102 ALBERTA LTD

DOCUMENT **ORDER FOR FINAL DISTRIBUTION, APPROVAL
OF RECEIVER'S FEES AND DISBURSEMENTS,
APPROVAL OF RECEIVER'S ACTIVITIES AND
DISCHARGE OF RECEIVER**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION
OF PARTY FILING
THIS DOCUMENT **DLA Piper (Canada) LLP**
2700, 10220-103 Ave NW
Edmonton, AB T5J 0K4
Attention: Jerritt R. Pawlyk / Kevin N. Hoy
Phone: 780.426.5330
Email: jerritt.pawlyk@dlapiper.com / kevin.hoy@dlapiper.com
File No. 063227-00011

DATE ON WHICH ORDER WAS PRONOUNCED: June 7, 2023

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF MASTER/JUDGE WHO MADE THIS ORDER: The Honourable Justice G.S. Dunlop

UPON THE APPLICATION of MNP Ltd. in its capacity as the Court-appointed receiver (the "**Receiver**") of the undertaking, property and assets of Chatur Holdings Ltd., Globe Imports (Ontario) Ltd. and 895102 Alberta Ltd. (collectively, the "**Debtor**") for an Order for the final distribution of proceeds, approval of the Receiver's fees and disbursements, approval of the Receiver's activities and discharge of the Receiver AND UPON hearing read the Receiver's First Report dated May 29, 2023, (the "**Receiver's Report**"); AND UPON hearing counsel for the Receiver and counsel for various creditors; AND UPON being satisfied that it is appropriate to do so, IT IS ORDERED THAT:

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.
2. The Receiver's accounts for fees and disbursements, as set out in the Receiver's Report are hereby approved without the necessity of a formal passing of its accounts.
3. The accounts of the Receiver's legal counsel DLA Piper (Canada) LLP ("**DLA Piper**"), for its fees and disbursements, as set out in the Receiver's Report are hereby approved without the necessity of a formal assessment of its accounts.
4. The Receiver's activities as set out in the Receiver's Report and in all of its other reports filed herein, and the Statement of Receipts and Disbursements as attached to the Receiver's Report, are hereby ratified and approved.
5. The Receiver is authorized and directed to make the following distributions:
 - (a) To Canada Revenue Agency, the sum of \$91,707;
 - (b) To HSBC Bank Canada ("**HSBC**"), the sum of \$436,871;
 - (c) To the Receiver, the sum of \$27,000 (the "**Holdback**") to be held in trust to allocate towards the professional fees and disbursements of the Receiver, up to a maximum of \$12,000, and to the professional fees and disbursements of DLA Piper, up to a maximum of \$15,000, incurred in connection with matters required to complete the administration of the Receivership, together with any other incidental expenses; and
 - (d) To HSBC, the balance of the Holdback, if any, remaining at the time of the filing of the Affidavit described in paragraph 8 of this Order.
6. On the evidence before the Court, the Receiver has satisfied its obligations under and pursuant to the terms of the Orders granted in the within proceedings up to and including the date hereof, and the Receiver shall not be liable for any act or omission on its part including, without limitation, any act or omission pertaining to the discharge of its duties in the within proceedings, save and except for any liability arising out of any in fraud, gross negligence or willful misconduct on the part of the Receiver, or with leave of the Court. Subject to the foregoing any claims against the Receiver in connection with the performance of its duties are hereby stayed, extinguished and forever barred.
7. No action or other proceedings shall be commenced against the Receiver in any way arising from or related to its capacity or conduct as Receiver, except with prior leave of this Court on Notice to the Receiver, and upon such terms as this Court may direct.
8. Upon the Receiver filing with the Clerk of the Court a sworn Affidavit of a licensed Trustee employed by the Receiver confirming that:
 - (a) All matters set out in paragraph 5 of this Order have been completed; and
 - (b) It has closed the trust account established by the Receiver in connection with the Receivership.

then the Receiver shall be discharged as Receiver of the Debtor, provided however, that notwithstanding its discharge herein (a) the Receiver shall remain Receiver for the performance of such incidental duties as may be required to complete the administration of the receivership herein, and (b) the Receiver shall continue to have the benefit of the provisions of all Orders made in this

proceeding, including all approvals, protections and stays of proceedings in favour of the Receiver in its capacity as Receiver.

9. This Order must be served only upon those interested parties attending or represented at the within application and service may be effected by Facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following the transmission or delivery of such documents.
10. Service of this Order on any party not attending this application is hereby dispensed with.

Justice of the Court of King's of Bench of Alberta