



COURT NO. VLC-S-S-206552
ESTATE NO. 11-254265
11-254266
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE RECEIVERSHIP OF
THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
CONIAN DEVELOPMENTS (LA VODA) INC. AND
CONIAN DEVELOPMENTS (LA VODA II) INC.**

RECEIVER'S THIRD REPORT TO COURT

May 10, 2022

**IN THE MATTER OF THE RECEIVERSHIP OF
THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
CONIAN DEVELOPMENTS (LA VODA) INC. AND
CONIAN DEVELOPMENTS (LA VODA II) INC.**

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I. PURPOSE OF REPORT

1. The purpose of this report is to:
 - i. Provide the Court with a summary of our activities since our last report dated October 2, 2020;
 - ii. Request the summary approval of the Receiver's activities and fees incurred to date as Receiver, plus additional fees, disbursements and taxes to a maximum of \$10,000 to complete the receivership;
 - iii. Request the summary approval of the accounts of the Receiver's legal counsel to date plus additional fees, disbursements and taxes to a maximum of \$10,000 to complete the receivership;
 - iv. Request the Court's approval to pay the balance of the remaining funds in its account of approximately \$2,044,000 to the Trustee of Conian Developments (La Voda) Inc. and Conian Developments (La Voda II) Inc., BDO Canada Limited to be held in trust until further order of the Court; and,
 - v. Request the discharge of the Receiver.
2. This is our Third Report to Court and should be read in conjunction with our previous reports dated September 17, 2020 and October 2, 2020.

II. BACKGROUND

3. The Bowra Group Inc. was appointed Receiver and Manager (the "**Receiver**") of the assets, undertakings and properties of Conian Developments (La Voda) Inc. ("**La Voda I**") and Conian Developments (La Voda II) Inc. ("**La Voda II**") (collectively referred to as the "**Companies**") on July 8, 2020 pursuant to an Order of the Supreme Court of British Columbia (the "**Court**") (the "**Receivership Order**").
4. La Voda I and La Voda II became bankrupt on July 10, 2020. The Licensed Insolvency Trustee was McEown & Associates Ltd. ("**McEown**"). On March 17, 2022, McEown was substituted by BDO Canada Limited as the Trustee (the "**Trustee**").

5. La Voda I owned two properties:
 - i. A 1.3-acre parcel of land that included a partially built 156-unit, six story, wood frame multi-family residential building located at 11077 Ravine Road in Surrey, B.C (“**La Voda I Property**”); and,
 - ii. A vacant single-story commercial building in Fort Qu’Appelle, Saskatchewan with approximately 2,700 square feet of office space (“**Saskatchewan Property**”).
6. La Voda II owned approximately 2.5 acres of vacant land adjacent to the La Voda I Property (“**La Voda II Property**”).
7. The La Voda I Property and La Voda II Property (jointly the “**Surrey Development Property**”) were jointly marketed by the Receiver.

III. UPDATE ON RECEIVER’S ACTIVITIES

8. On December 17, 2020 the sale of the Surrey Development Property was completed on an as is, where is, basis for gross sales proceeds of \$35,105,000. The sale was approved by the Court on November 2, 2020 (the “**Approval and Vesting Order**”).
9. Pursuant to the Approval and Vesting Order, the balance of the sale proceeds after payment, among other things, of the Petitioner, Rompsen Investment Corporation (“**Romspen**”) and Ajit Singh Gill (“**Gill**”) was to be held by the Receiver until further order.
10. By Order made December 15, 2020, the Approval and Vesting Order was amended so that the balance of the sale proceeds other than amounts sufficient to pay the mortgage in favour of CBA Enterprises Ltd, (“**CBA**”) and sufficient funds to pay the costs of the receivership were to be held by McEown pending further order.
11. By Order made in the Supreme Court of British Columbia in Bankruptcy, Vancouver Registry No. B-200284 on September 17, 2021, the Trustee was authorized to transfer to the Receiver sufficient funds to satisfy certain claims of builders’ lien.

12. The sale of the Saskatchewan Property completed on February 19, 2021 for gross sales proceeds of \$95,000. The sale was approved by the Court on February 1, 2021.
13. The Receiver has realized on all assets of the Companies.
14. The Receiver has paid \$17,368,135 to Rompsen and \$4,400,430 to Gill with respect to the mortgages registered in their favour on the Surrey Development Property.
15. The purchase price of the Surrey Development Property has not been allocated between La Voda I and La Voda II. CBA held a second mortgage against the La Voda II Property. There is a dispute between the Trustee and CBA as to the allocation of the purchase price.
16. With the approval of McEown, the Receiver has paid CBA \$1 million in order to reduce the ongoing interest costs associated with CBA's mortgage.
17. The Receiver has paid \$2,839,285 to lien holders, whose claims have been approved by McEown.
18. The Receiver has paid \$6.2 million to McEown to be distributed to the remaining creditors of the Companies. McEown has paid these funds to the Trustee.
19. The Receiver anticipates that there will be approximately \$2,044,000 remaining in its trust account after payment of professional fees and expenses to complete the administration of the receivership.
20. The Receiver estimates that CBA is owed approximately \$1.56 million as at April 8, 2022. The Receiver is requesting its discharge and an order that the Receiver will pay the remaining funds in its trust account to the Trustee to be held in trust pending a resolution of the dispute with CBA or further Order of the Court.

IV. SUMMARY OF RECEIVER'S WORK

21. The Receiver performed the following:
 - i. Preserved and protected the assets;

- ii. Marketed and sold the Surrey Development Property and the Saskatchewan Property; and,
- iii. Administered the estate.

Preservation and Protection of Assets – Surrey Development Property

22. The Receiver took possession of the Surrey Development Property and took the following steps to preserve and protect the property:
- i. Engaged Quality Homes to identify and complete necessary construction work required to protect the existing construction work from being exposed to the weather elements and deteriorating. This included, but not limited to:
 - a) Applying a temporary building enclosure to protect the existing work in place;
 - b) Installing new electric pumps to drain excess rainwater in the elevator shafts and parkade areas;
 - c) Ongoing inspections and monitoring of the property.
 - ii. Re-engaged the following contractors:
 - a) Security to provide 24/7 security;
 - b) Fencing to provide a perimeter fence around the property;
 - c) Geotech engineer to monitor the slope stability and provide monthly inspection reports as required by Translink; and,
 - d) Civil engineer to provide monthly erosion sediment control reports as required by the City of Surrey (“**City**”).
 - iii. Reviewed the existing insurance coverage and obtained new coverage.
23. The Receiver had meetings and discussions with Translink regarding concerns of the proximity of the Surrey Development Property to the Expo Line Skytrain.

24. The Receiver had meetings and discussions with the City regarding the outstanding cash securities and other development matters that would be relevant to a purchaser.

Preservation and Protection of Assets – Saskatchewan Property

25. The Receiver coordinated the following to secure the Saskatchewan Property:
- i. Changed the locks;
 - ii. Engaged a contractor for snow removal;
 - iii. Hired a bailiff to obtain access to the safe located inside the property;
 - iv. Engaged an individual to conduct security checks every 72 hours; and,
 - v. Obtained insurance coverage;

Sales and Marketing – Surrey Development Property

26. The Receiver obtained two proposals to market and sell the Surrey Development property.
27. The Receiver engaged Cushman & Wakefield ULC on August 12, 2020 to market and sell the Surrey Development Property.
28. On September 23, 2020, the Receiver received, negotiated and accepted an offer from Quadra Holdings (King George) Ltd., formerly known as 1266833 B.C. Ltd. (the “**Purchaser**”), for \$27 million for the Surrey Development Property. The offer also included:
- i. An assignment of the cash securities held by the City;
 - ii. A \$50,000 break fee to cover the Purchaser’s cost of due diligence in the event a higher offer was accepted by the Court.
29. Two competing bids were received in advance of the October 15, 2020 Court application to approve the sale accepted by the Receiver. Two days prior to the Court application, the Purchaser increased their offer to \$34,025,000.
30. On October 15, 2020, the Court Ordered another opportunity for sealed bids to be submitted to the Receiver by the parties that submitted an offer for the October 15, 2020

Court application. The new bids were to be submitted to the Receiver by October 30, 2020.

31. On November 2, 2020, the Receiver presented the bids received and the Court approved the offer from the Purchaser for \$35,105,000.
32. The sale of the Surrey Development Property closed on December 17, 2020.

Sales and Marketing - Saskatchewan Property

33. On September 4, 2020, the Receiver engaged John Okolita of Authentic Reality to market and sell the Saskatchewan Property. The property was listed for sale for \$139,900.
34. On the recommendation of the realtor, the Receiver reduced the price to \$119,900 on October 13, 2020 and then \$104,900 on November 10, 2020.
35. On December 16, 2020, an offer for the Saskatchewan Property for \$95,000 from Elisha Demyen Real Estate was accepted.
36. The Court approved the sale on February 1, 2021. On February 19, 2021 the sale closed.

Administration and Other Matters

37. Over the past 21 months the Receiver:
 - i. Issued progress draws and borrowed \$733,500 from Romspen;
 - ii. Increased its borrowing powers from \$400,000 to \$650,000 for receivership disbursements plus \$200,000 for professional fees;
 - iii. Filed outstanding income tax returns and GST returns;
 - iv. Administered Wage Earner Protection Program ("**WEPP**") Claims;
 - v. Prepared and filed T4's with CRA;
 - vi. Liaised with and provided documentation to CRA for a GST audit for the period January 1, 2020 to June 30, 2020; and,
 - vii. Liaised with and provided documentation to CRA for the 2019 and 2020 payroll audit.

Distribution to Creditors

38. The Receiver paid the following secured creditors in full:
 - i. Romspen - \$17,368,135;
 - ii. Gill - \$4,400,430.
39. Romspen had separate mortgages over the La Voda I Property and La Voda II Property which were cross-collateralized by each of the properties.
40. Gill held a second mortgage over the La Voda I Property.
41. CBA held a second mortgage against the La Voda II Property. As the Surrey Development Property was marketed and sold en bloc there is a dispute between CBA and the Trustee, on behalf of the unsecured creditors, with respect to the allocation of the sale proceeds between the La Voda I Property and La Voda II Property.
42. Pursuant to an Order of the Court made December 15, 2020, the November 2, 2020 Order of the Court was amended so that the Receiver is required to hold back sufficient funds to payout CBA until the allocation of the purchase price can be determined by the Court. On October 19, 2021 the Receiver paid CBA \$1 million with the approval of the Trustee to reduce the ongoing interest costs on CBA's mortgage. The Receiver estimates that CBA is owed approximately \$1.56 million as of April 8, 2022.
43. The Receiver requests that the December 15, 2020 Order be amended to allow the Receiver to pay the balance of the funds to the Trustee to be distributed pending a further Order of the Court or a resolution as to the distribution of the funds as between CBA and the Trustee.
44. With the approval of McEown, the Receiver has paid approximately \$2.8 million to lien claimants.
45. The Receiver has paid \$6.2 million to the Trustee.
46. The Receiver holds approximately \$2,065,000 in its trust account. After payment of all outstanding fees and expenses associated with the administration of the receivership, the Receiver anticipates approximately \$2,045,000 available for distribution to the Trustee to be held in trust.

V. SECURITY DEPOSITS HELD BY THIRD PARTIES

47. The Court approved purchase and sale agreement included an assignment of the cash securities held by the City of Surrey, which totaled \$1,853,342.14 (“**Surrey Deposits**”). The City was not willing to assign the cash securities to the Purchaser as the City believed it may be liable for third party claims to the securities. The cash securities formed part of the assets in the possession and control of the Receiver and were specifically included as part of the assets being acquired by the Purchaser pursuant to the Agreement of Purchase and Sale approved by the Court on November 2, 2020.
48. Translink held a \$20,000 cash security deposit (“**Translink Deposit**”) that could only be released upon the completion of construction. The Receiver believed that the Translink Deposit formed part of the assets in receivership and given that only the Purchaser was in a position to complete construction of the Surrey Development Property the Translink Deposit should be assigned to the Purchaser.
49. On September 17, 2021, the Court granted an Order assigning the Surrey Deposits and the Translink Deposit to the Purchaser.

VI. STATEMENT OF RECEIPTS AND DISBURSEMENTS

50. A summary of the Interim Statement of Receipts and Disbursements for the period July 8, 2020 to April 19, 2022 is summarized on the following page.

Interim Statement of Receipts and Disbursement for the period July 8, 2020 to April 19, 2022	
	(\$000's)
Receipts	
Sales proceeds	35,200
Receiver's borrowings	734
GST refunds	52
Cash in bank accounts	11
	<u>35,997</u>
Disbursements	
Repayment of Receiver's borrowings	734
Realtor commissions	446
Development costs	217
Property taxes	185
Receiver's fees	180
Legal fees	137
Insurance	86
Security	79
GST paid	54
Other disbursements	27
Interest on Receiver's borrowings	19
	<u>2,164</u>
Excess Receipts over Disbursements	<u>33,833</u>
Less:	
Payments to Secured Creditors	(22,769)
Payments to Lien Holders	(2,839)
Payment to Trustee	<u>(6,161)</u>
	<u>(31,769)</u>
Funds in Receiver's Account	<u>2,064</u>

51. An Interim Statement of Receipts and Disbursements for the period of July 8, 2020 to April 19, 2022 is attached as **Appendix A**.

VII. PROFESSIONAL FEES

Summary of Receivers Accounts

52. On a monthly basis, the Receiver issued invoices to the first ranking secured creditor, Romspen, for approval until the Romspen mortgages were paid out in December 2020.
53. For the period June 4, 2020 to November 30, 2021 the total Receiver's fees, disbursements and GST invoiced were as follows:

	\$'s
Fees	180,098
Disbursements	8,106
	<hr/>
	188,204
GST	9,410
	<hr/>
Total	197,614

54. A summary of the Receiver's invoices is attached as **Appendix B**.

Receiver Staffing and Hours

55. During the receivership period Mario Mainella, President of The Bowra Group Inc. had primary responsibility for the work carried out by the Receiver. Where appropriate this work was delegated to other staff within The Bowra Group Inc. A summary of the time spent on this assignment by members of the staff within The Bowra Group Inc. for the period June 4, 2020 to November 30, 2021 is summarized on the following page.

Name	Title	Hours	Average Hourly Rate (\$)
Mario Mainella	President	117.00	571
Chris Bowra	Vice President	165.50	423
Alan Davies	Manager	4.10	350
Andrew Pappel	Senior Associate	0.75	265
Michael Busch	Associate	165.25	196
Sofie Parker	Estate Manager	11.65	185
Administration	Administrative	53.85	132
		<u>518.10</u>	

56. In the Receiver's opinion, the time and disbursements incurred by the Receiver in the course of its duties are fair and reasonable in a receivership of the nature described herein. In addition, the Receiver believes that the cost of this receivership is comparable to receivership assignments of similar scale and complexity.
57. The hourly rates charged by the Receiver are consistent with the average hourly rates billed by the Receiver on its other engagements and, to the Receiver's knowledge, consistent with other insolvency firms of comparable size engaged on similar receivership matters.
58. The Receiver requests that the Court summarily approve the Receiver's fees incurred to date and approve additional fees, disbursements and taxes to a maximum of \$10,000 to complete the administration of the Company's receivership. The estimated fees relate to work required to prepare for the discharge of the Receiver, and other unbilled work in process.

Legal Fees

59. The Receiver engaged Nathanson Schachter & Thompson LLP (“**NST**”) as its independent legal counsel. The total legal fees of NST were \$133,190 and disbursements of \$1,607 as summarized below.

	\$
Fees	133,190
Disbursements	<u>1,607</u>
	134,797
Taxes	<u>16,024</u>
Total	<u>150,821</u>

60. A summary of the NST legal fees, disbursements, PST and GST by invoice is attached as **Appendix C**.
61. The full particulars of NST’s fees and disbursements are outlined in the fee affidavit #1 sworn by Peter Reardon on May 10, 2022.
62. Prior to completion of the sale of the Surrey Development Property, the invoices of NST were approved by counsel for Romspen before being paid by the Receiver.
63. The Receiver has reviewed the invoices of NST and believes them to be proper and reasonable. The legal services provided were necessary for the Receiver to fulfil its obligations.
64. The Receiver engaged OWZW Lawyers LLP (“**OWZW**”) in Regina, Saskatchewan to assist with the sale of the Saskatchewan Property. The Receiver paid legal fees, disbursements and taxes of \$2,020.83 to OWZW. The Receiver has reviewed the invoices of OWZW and believes them to be reasonable.
65. The Receiver requests that the Court summarily approve the legal fees of both NST and OWZW incurred to date and approve additional fees, disbursements and taxes for NST to a maximum of \$10,000 to complete the administration of the receivership.

VIII. CONCLUSION

66. The Receiver has realized on all of the assets of the Companies for gross sales proceeds of \$35.2 million.
67. The Receiver currently holds approximately \$2,064,000 in its trust account. The Receiver estimates additional fees and costs of \$20,000 to pay professional fees and outstanding expenses for the completion of the administration of the estate. The remaining funds will be paid to the Trustee to be held in trust pending a further Order of the Court.
68. The Receiver hereby submits its detailed billings to the Court and requests the Court's approval of the following:
 - i. The activities and the accounts of the Receiver and its legal counsel;
 - ii. Additional professional fees, disbursements and taxes of the Receiver to a maximum of \$10,000 and its legal counsel to a maximum of \$10,000; and,
 - iii. The discharge of the Receiver on the terms set out in the proposed form of Discharge Order appended to the Receiver's Notice of Application filed concurrently with this report.

All of which is respectfully submitted to the Honorable Court this 10th day of May 2022.

The Bowra Group Inc.

Receiver Manager of the assets, undertakings and properties of
Conian Developments (La Voda) Inc. and Conian Developments (La Voda II) Inc.

Per: 

Chris Bowra, CPA, CA, CIRP

APPENDIX A
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD JULY 8, 2020 TO APRIL 19, 2022

**In the Matter of the Receivership of
 Conian Developments (La Voda) Inc. and Conian Developments (La Voda II) Inc.
 Receiver Manager's Interim Statement of Receipts and Disbursements
 For the Period July 8, 2020 to April 19, 2022**

	\$
Receipts	
Sales proceeds	35,200,000
Receiver's borrowings	733,500
GST refunds	51,936
Cash in bank accounts	11,326
	35,996,762
 Disbursements	
Repayment of Receiver's borrowings	733,500
Realtor commissions	445,862
Development costs	216,574
Property taxes	185,084
Receiver's fees	180,098
Legal fees	136,622
Insurance	86,474
Security	79,468
GST paid	53,705
Interest on Receiver's borrowings	19,688
PST paid on legal fees	9,428
Administrative disbursements	7,771
Utilities	4,572
Appraisal fees	2,200
Advertising	1,232
Courier, postage and sundry expenses	734
Locksmith	516
Search fees	145
Filing fees	140
Bank charges	151
	2,163,964
 Excess Receipts over Disbursements	 33,832,798
 Less:	
Payments to Secured Creditors	22,768,566
Payments to lien holders	2,839,285
Payment to Trustee	6,160,766
	31,768,617
 Funds in Receiver's Account	 2,064,181

APPENDIX B
SUMMARY OF THE RECEIVER'S INVOICES
FOR THE PERIOD JUNE 4, 2020 TO NOVEMBER 30, 2021

In the Matter of the Receivership of
Conian Developments (La Voda) Inc. and Conian Developments (La Voda II) Inc.
Summary of the Receiver's Invoices
For the Period June 4, 2020 to November 30, 2021

Period	Invoice	Fees (\$)	Disbursements (\$)	GST (\$)	Total (\$)
June 4, 2020 to August 31, 2020	9010	68,845.25	3,305.00	3,607.51	75,757.76
September 1, 2020 to September 30, 2020	9011	30,563.75	1,263.00	1,591.34	33,418.09
October 1, 2020 to October 31, 2020	9038	31,549.00	1,026.00	1,628.75	34,203.75
November 1, 2020 to November 30, 2020	9065	10,816.25	495.00	565.56	11,876.81
December 1, 2020 to December 31, 2020	9080	6,455.00	344.25	339.96	7,139.21
January 1, 2021 to January 31, 2021	9105	5,307.50	340.05	282.38	5,929.93
February 1, 2021 to February 28, 2021	9125	14,331.25	693.75	751.25	15,776.25
March 1, 2021 to April 30, 2021	9167	5,423.75	245.25	283.45	5,952.45
May 1, 2021 to August 31, 2021	9282	1,313.75	95.25	70.45	1,479.45
September 1, 2021 to September 30, 2021	9283	3,972.50	196.50	208.46	4,377.46
October 1, 2021 to November 30, 2021	9317	1,520.00	102.00	81.10	1,703.10
Total		180,098.00	8,106.05	9,410.21	197,614.26

APPENDIX C
SUMMARY OF NATHANSON SCHACHTER & THOMPSON LLP'S INVOICES
FOR THE PERIOD JULY 14, 2020 TO MARCH 31, 2022

**In the Matter of the Receivership of
Conian Developments (La Voda) Inc. and Conian Developments (La Voda II) Inc.
Summary of NST Invoices
For the Period July 14, 2020 to March 31, 2022**

Period	Invoice	Fees (\$)	Disbursements (\$)	PST (\$)	GST (\$)	Total (\$)
July 14, 2020 to July 31, 2020	26553	2,745.00	-	192.15	137.25	3,074.40
August 1, 2020 to August 31, 2020	26654	7,470.00	91.00	522.90	376.05	8,459.95
September 1, 2020 to September 30, 2020	26763	15,679.00	88.00	1,097.53	783.95	17,648.48
October 1, 2020 to October 31, 2020	26904	29,561.00	358.78	2,069.27	1,491.69	33,480.74
November 1, 2020 to November 30, 2020	27024	5,429.00	45.00	380.03	273.70	6,127.73
December 1, 2020 to December 31, 2020	27129	14,884.00	338.12	1,041.88	744.98	17,008.98
January 1, 2021 to January 31, 2021	27271	14,490.00	445.31	1,014.30	738.00	16,687.61
February 1, 2021 to February 28, 2021	27403	9,225.00	-	645.75	461.25	10,332.00
March 1, 2021 to March 31, 2021	27539	1,647.00	63.16	115.29	85.51	1,910.96
April 1, 2021 to April 30, 2021	27711	2,745.00	-	192.15	137.25	3,074.40
May 1, 2021 to May 31, 2021	27732	488.00	-	34.16	24.40	546.56
June 1, 2021 to June 30, 2021	27937	1,525.00	-	106.75	76.25	1,708.00
July 1, 2021 to July 31, 2021	28069	5,307.00	-	371.49	265.35	5,943.84
August 1, 2021 to August 31, 2021	28242	9,255.00	-	647.85	462.75	10,365.60
September 1, 2021 to September 30, 2021	28357	10,150.00	106.00	710.50	508.80	11,475.30
October 1, 2021 to October 31, 2021	28486	1,610.00	-	112.70	80.50	1,803.20
November 1, 2021 to November 30, 2021	28619	140.00	72.00	9.80	10.60	232.40
January 1, 2022 to January 31, 2022	28900	420.00	-	29.40	21.00	470.40
February 1, 2022 to March 31, 2022	29137	420.00	-	29.40	21.00	470.40
Total		133,190.00	1,607.37	9,323.30	6,700.28	150,820.95