COURT NO. S212628
ESTATE NO. 11-254327
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED

AND

IN THE MATTER OF THE RECEIVERSHIP OF
WILD GOOSE VINTNERS INC.

RECEIVER'S SECOND REPORT TO COURT

August 9, 2021

IN THE MATTER OF THE RECEIVERSHIP OF
WILD GOOSE VINTNERS INC.

RECEIVER'S SECOND REPORT TO COURT

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I. PURPOSE OF THE REPORT AND BACKGROUND

Purpose of the Report

1. The purpose of this report is to:
   i. Update the Court with respect to tax liability resulting from the sale of the assets;
   ii. Request this Honourable Court approve:
      a. a distribution to the secured creditors in full in order of priority;
      b. payment into Court any remaining monies after payment of secured creditors and Receiver's costs and fees;
      c. the Receiver's activities and fees incurred to date, plus the estimated fees, disbursements and taxes to a maximum of $50,000 to complete the administration of the receivership;
      d. the accounts of the Receiver's legal counsel to date plus the estimated fees, disbursements and taxes to a maximum of $50,000 to complete the administration of the receivership; and
      e. discharge of the Receiver, subject to completion of the sale of the assets and distribution of funds on hand in accordance with an Order of the Court.

2. This is our Second Report to Court and should be read in conjunction with our previous report dated June 8, 2021.

Background

3. The Bowra Group Inc. was appointed Receiver (the "**Receiver**") of the assets, undertakings, and property of Wild Goose Vintners Inc. (the "**Company**" or "**Wild Goose**") on March 25, 2021 pursuant to an Order of the Supreme Court of British Columbia.

4. On March 25, 2021, the Supreme Court of British Columbia granted a Sales Process Order (the "**Sales Process Order**") that included an approved stalking horse bid from Duke Holdings Ltd. (the "**Stalking Horse Bid**").

5. The Company operates a winery, bistro and four vineyards in the South Okanagan Valley. The Company's wine is distributed and sold throughout Canada.

6. In accordance with the Sales Process Order, the Receiver conducted a sales process (the "**Sales Process**") for the sale of all the assets of the Company. The Sales Process generated two offers in addition to the Stalking Horse Bid.

7. On June 4, 2021 the Receiver accepted the highest offer from Burrowing Owl Vineyards Ltd. ("**BOV**") for $12.6 million, plus a working capital adjustment to be calculated on the closing date.

8. The Court approved the sale of the assets to BOV on July 8, 2021.

9. Wild Goose appealed the Order approving the sale of the assets to BOV.

10. On July 28, 2021, Madam Justice Dickson of the Court of Appeal declined to grant leave and dismissed the appeal.

11. The sale of assets to BOV completed on July 29, 2021.

II. CORPORATE TAXES

12. The Receiver retained the Company's external accountant, BDO Dunwoody ("**BDO**"), to advise if there were corporate taxes as a result of the sale.

13. In addition to taxes payable on the sale of the assets, BDO has advised that Wild Goose may have corporate income taxes payable for 2021 net income from operations. The amount is not known at this time.

14. We were advised by BDO that the 2020-year end corporate tax liability is estimated at $200,000. The Receiver was only advised of the 2020-year end tax liability after the commencement of the receivership.

III. DISTRIBUTION TO CREDITORS

15. The Receiver estimates that there will be approximately $12.4 million available for distribution after the payment of all remaining receivership costs and fees, as per the table below:

As at August 5, 2021		**($000's)**
Net sales proceeds and cash in Receiver's account [1]		13,115
Less: Estimated costs to completion [2]		(740)
Estimated funds available for distribution		**12,375**
Less: Mortgages estimated as at August 10, 2021:		
Bank of Montreal ("**BMO**")	7,133	
Duke Holdings Ltd. ("**Duke**") [3]	2,606	
Roland Kruger, Roland Kruger Family Trust, Hagen Kruger, and Hagen Kruger Family Trust ("**Kruger's**")	2,599	
		12,338
Estimated funds available to unsecured creditors		**37**

Notes:

1. Includes an estimated $110,000 of net wine sales in a bank account controlled by the Receiver.
2. Includes professional fees to the close of the receivership, post-filing payables, final payroll and an allowance for a final working capital adjustment.
3. Includes stalking horse break fee of $250,000.
4. Per diem interest totals approximately $2,450 per day for all secured loans.

16. There are three different secured creditors of the Company. The table on the following page includes the amounts owing to each of the secured creditors including their estimated legal fees and accrued interest to August 10, 2021.

Secured Party	Amount Owed ($000's)
BMO	7,133
Duke	2,606
Kruger's	2,599
Total Mortgages	**12,338**

17. The Receiver requests the Court approve the payment in full to the three secured creditors.

18. Attached as **Appendix A** is a copy of the BMO payout as at July 29, 2021. BMO's per diem interest is $1,019.

19. Attached as **Appendix B** is a copy of the Duke payout as at July 29, 2021. Duke's per diem interest is $1,121.

20. Attached as **Appendix C** is a copy of the Kruger payout as at July 29, 2021. Kruger's per diem interest is $308.

21. There are unsecured creditors with current claims estimated at $262,000.

22. The Receiver does not have the mandate to conduct a claims process nor to pay unsecured creditor claims.

23. Accordingly, the Receiver requests that the Court approve the payment of the remaining funds in the Receiver's account (after payment in full of secured creditor claims, receivership costs and fees) into Court and distributed in accordance with any future Order by this Honourable Court.

IV. SUMMARY OF RECEIVER'S ACTIVITIES

24. A summary of the Receiver's activities is as follows:

i. managed the operations of the Company on a going concern basis to maximize the recovery in the sales process;

ii. marketed and sold the assets of Wild Goose; and,

iii. administered the estate.

25. The Receiver has performed the following since its appointment:

i. taken possession of the assets and operations;

ii. terminated and subsequently the Receiver hired all employees;

iii. liaised with vendors to minimize disruption and ensure continued supply of goods and services to the winery;

iv. obtained $280,000 in Receiver's borrowings from Duke to continue the operations of the winery as a going concern;

v. managed a sales process in accordance with a Sales Process Order;

vi. engaged Cushman & Wakefield ULC ("**Cushman**") on March 30, 2021 to market the assets of the Company;

vii. numerous correspondence and discussions with Cushman;

viii. collected and reviewed information that was included in the data room for prospective purchasers during the sales process;

ix. numerous discussions and correspondence with prospective purchasers during the sales process;

x. regular discussions with the general manager regarding the operations during the receivership;

xi. discussions and correspondence with legal counsel;

xii. obtained a Court Order approving the sale of the assets dated July 8, 2021;

xiii. liaised with the purchaser of the assets regarding the pending sales transaction;

xiv. liaised with numerous creditors;

xv. reviewed the insurance policy to ensure adequate coverage;

xvi. liaised with the insurance broker to extend the insurance policy;

xvii. administered employee claims as required under the Wage Earner Protection Program Act ("**WEPPA**"); and,

xviii. prepared and filed employee T4's and ROE's.

26. The Receiver accepted an offer from BOV for $12.6 million plus a working capital adjustment. The offer was approved by the Court on July 8, 2021 and the Receiver completed the sale of assets on July 29, 2021.

V. STATEMENT OF RECEIPTS AND DISBURSEMENTS

27. A summary of the Interim Statement of Receipts and Disbursements of the Receiver for the period March 25, 2021 to August 5, 2021 is summarized on the following page.

Interim Statement of Receipts and Disbursements for the period March 25, 2021 to August 5, 2021

	($000's)
Receipts	
Sale of assets [1]	13,066
Winery sales	1,574
Receiver's borrowings	280
GST collected	63
PST collected	43
Cash on hand	30
	15,056
Disbursements	
Sales and marketing	434
Wages	391
Inventory purchases	390
Repayment of Receiver's borrowings	280
Receiver's fees	136
GST, PST and EHT paid	134
Freight, repairs and maintenance, utilities, and insurance	65
Legal fees	51
Other misc. disbursements	33
Interest, financing and credit card fees	27
	1,941
Excess receipts over disbursements	**13,115**

Notes:

1. Sale of assets includes a $466,000 positive working capital adjustment which was based on the June 30, 2021 balance sheet. This may change based on the final working capital figures as at the sale closing date.

28. Attached as **Appendix D** is an Interim Statement of Receipts and Disbursements for the period March 25, 2021 to August 5, 2021.

VI. PROFESSIONAL FEES

Summary of Receiver's Fees

29. For the period of March 3, 2021 to July 31, 2021, a summary of the Receiver's fees and disbursements were:

	$
Fees	191,734
Disbursements	7,617
GST	9,954
Total	**209,305**

30. The Receiver has not paid its latest invoice that totals $60,936 including fees, disbursements, and taxes.

31. Details of the Receiver's fees and invoices are attached as **Appendix E**.

32. Copies of the Receiver's invoices referenced above are provided in Affidavit #1 of Mario Mainella sworn on August 9, 2021.

Receiver's Staffing and Hours

33. Mario Mainella had primary responsibility for the work carried out by the Receiver. Where appropriate, this work was delegated to other staff. A summary of the time spent on this assignment by members of The Bowra Group Inc. for the period March 3, 2021 to July 31, 2021 is summarized on the following page.

Name	Title	Hours	Average Hourly Rate ($)
Mario Mainella	President	133.65	575
Chris Bowra	Vice President	208.00	425
Kevin Koo	Senior Associate	0.75	275
Andrew Pappel	Senior Associate	5.25	250
Michael Busch	Associate	71.60	200
Sofie Parker	Insolvency Administrator	26.50	185
Office Administration		43.75	131
		489.50	**392 ***

**Average Hourly Rate*

34. In the Receiver's opinion, the time and disbursements incurred in the course of its duties are:

    i. fair comparable to receivership assignments of similar scale and complexity.

    ii. comparable to receivership assignments of similar scale and complexity.

35. The hourly rates charged by the Receiver are:

    i. consistent with the hourly rates billed by the Receiver on other engagements; and,

    ii. consistent with other insolvency firms of comparable size engaged on similar receivership matters to the Receiver's knowledge.

36. The Receiver requests that the Court approve the Receiver's fees and costs incurred to date of $209,000 and additional fees and costs to a maximum of $50,000 to complete the administration of the receivership.

Summary of Legal Fees

37. The Receiver engaged DLA Piper LLP ("**DLA**") as its independent legal counsel. The total legal fees of DLA were $179,523 and disbursements of $3,627 as summarized on the following page.

DLA Piper	$
Fees	179,523
Disbursements	3,627
GST	9,090
PST	12,566
Total	**204,806**

38. The Receiver has not paid the most recent legal invoice that totals $151,023 including fees, disbursements, and taxes.

39. A summary of DLA's legal fees, disbursements, PST and GST by invoice is attached as **Appendix F**.

40. The full particulars of DLA's fees and disbursements are outlined in the fee affidavit #1 sworn by Colin Brousson on August 9, 2021.

41. The Receiver has reviewed the invoice of DLA and believes it to be proper and reasonable. The legal services provided were necessary for the Receiver to fulfil its obligations.

42. The Receiver requests that the Court summarily approve the legal fees of DLA incurred to date and approve additional fees, disbursements and taxes for DLA to a maximum of $50,000 to complete the administration of the receivership.

VII. CONCLUSION AND RECOMMENDATION

Conclusion

43. The Court approved the sale of the assets to BOV on July 8, 2021 and the Receiver completed the sale on July 29, 2021.

44. All of the secured creditors will be paid in full.

45. The Receiver estimates that there will be $37,000 of funds available to unsecured creditors.

Recommendation

46. Upon completion of the sale of assets to BOV, the Receiver respectfully requests the Court approve:

    i. the payment of the full amount owed to secured creditors estimated at $12.3 million as of August 10, 2021 plus any per diem interest;

    ii. payment of any remaining funds in the Receiver's account, after payment of secured creditors, receivership costs and fees, into Court. These funds should be distributed subject to a future Order of the Court;

    iii. the activities and the accounts of the Receiver and its legal counsel;

    iv. additional Receiver's fees, disbursements and taxes to a maximum of $50,000 to complete the administration of the estate;

    v. additional fees, disbursements and taxes of the Receiver's legal counsel to a maximum of $50,000 to complete the administration of the estate; and,

    vi. 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 respectively submitted this 9th day of August, 2021.

The Bowra Group Inc.
Receiver of the assets, undertakings and property of
Wild Goose Vintners Inc.

Per:

Mario Mainella, CA, CIRP

Chris Bowra, CA, CIRP

APPENDIX A

BANK OF MONTREAL PAYOUT AS AT JULY 29, 2021

LAWSON LUNDELL LLP

Suite 1600 Cathedral Place
925 West Georgia Street
Vancouver, BC
Canada V6C 3L2
T: 604.685.3456

July 30, 2021

Bryan C. Gibbons
T: (604) 631-9152
F: (604) 694-2958
bgibbons@lawsonlundell.com

BY EMAIL: colin.brousson@dlapiper.com
Jeffrey.bradshaw@dlapiper.com

DLA Piper (Canada) LLP
Suite 2800, Park Place
666 Burrard Street
Vancouver, BC V6C 2Z7

Attention: Colin Brousson

Dear Sirs/Mesdames

Re: Outstanding indebtedness of Wild Goose Vintners Inc. (the "Company") to Bank of Montreal (the "Bank")

Further to your request, the total amount due and owing to our client in connection with the above-noted matter as at July 29, 2021, is calculated as follows:

Description	Balance
Demand Loan Non-revolving Acct #0735-6996-832	$5,714,257.11
Operating Demand Loan Acct #0735-1996-315	$911,557.81
Demand Loan Non-Revolving Acct #0735-6996-840	$393,898.59
Corporate MasterCard	$26,550.89
Overdraft Acct # 0760-1984-297	$1,199.05
Outstanding legal costs to date	$67,853.22
Estimated legal costs to completion	$5,500.00
	$7,120,816.67

Interest accrues after July 29, 2021 at the combined rate of $1,018.66 per day to the date payment is received in our offices, and payment must be received in our offices before 2:00 pm on the date of payment or should include interest to our next business day.

Please note that our estimated legal costs to completion above is subject to change depending on your pending distribution application to court and if that application is opposed, among other things.

Should you have any questions concerning the foregoing, please do not hesitate to contact the writer.

Yours very truly,
LAWSON LUNDELL LLP

Bryan C. Gibbons
/lea

cc: Bank of Montreal

APPENDIX B

DUKE HOLDINGS LTD. PAYOUT AS AT JULY 29, 2021

Payment Date	Loan Amount	Also Paid	Breakout Fee	Legal fees**	Total	Annual Interest Rate	Days Since Payment Date	Compound Interest owed to August 3rd, 2021
28-Jan-21	2,073,674.66	1,972.54			2,075,647.20	18%	187	$ 200,135.55
			250,000.00	72,260.99	322,260.99			
				Total Principal	2,397,908.19		Total Interest	200,135.55
				Total Owed	**2,598,043.74**			

per diem: **$1,120.65**

** legal fees as of August 3, 2021; Includes $500 allowance with respect to a post closing application expected to be scheduled for a hearing during the first week of August 2021

APPENDIX C

ROLAND KRUGER, ROLAND KRUGER FAMILY TRUST, HAGEN KRUGER, AND HAGEN KRUGER FAMILY TRUST PAYOUT AS AT JULY 29, 2021

Reply Attention of: Tim Louman-Gardiner
Direct Dial Number: 604 661 1729
Email Address: tlouman-gardiner@farris.com

FARRIS

File No: 45078-1

July 15, 2021

BY EMAIL

DLA Piper (Canada) LLP
Suite 2800, Park Place
666 Burrard St
Vancouver, BC, V6C 2Z7

Attention: Colin Brousson

Dear Mr. Brousson:

Re: Wild Goose Vintners Inc. (the "Debtor') – Indebtedness Owing to Roland Kruger, Hagen Kruger, Roland Kruger Family Trust, and Hagen Kruger Family Trust (the "Krugers")

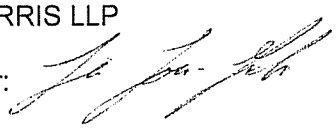
We write to confirm that, as of July 29, 2021 the amount required to discharge the Krugers' security against the property of the Debtor will be **$2,595,275.10** consisting of the following:

- Outstanding principal of $2,251,000.00;
- Outstanding accrued interest of $96,164.64, currently $308.22 per diem;
- Total legal costs to date (pursuant to forbearance agreement) of $223,110.46; and
- Estimated legal costs for July, 2021 of $25,000. That amounts presumes attendance at a Court of Appeal hearing to address stay/leave issues. If no hearing is required the amount for July, 2021, including discharge of additional security, will be $10,000.

Please contact us if you have any further questions or require legal accounts for review.

Yours truly,

FARRIS LLP

Per: 

Tim Louman-Gardiner

TLG/

FARRIS LLP
25th Floor - 700 W Georgia Street Vancouver, BC Canada V7Y 1B3
Tel 604 684 9151 farris.com

APPENDIX D

INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE PERIOD MARCH 25, 2021 TO AUGUST 5, 2021

In the Matter of the Receivership of
Wild Goose Vintners Inc.
Receiver Manager's Interim Statement of Receipts and Disbursements
For the Period March 25, 2021 to August 5, 2021

	$
Receipts	
Sale of assets	12,600,000
Sales	1,464,560
Working capital adjustment	466,420
Receiver's borrowings	280,000
Net wine sales in bank account controlled by Receiver	110,000
GST collected	62,622
PST collected	42,698
Cash in bank account	29,878
	15,056,178
Disbursements	
Wages	391,291
Inventory purchases	343,412
Repayment of Receiver's borrowings	280,000
Sales commission	220,500
Marketing and commissions	213,185
Receiver's fees	135,821
GST paid	94,992
Legal fees	51,387
Bistro purchases	46,054
PST remitted	34,511
Freight	32,029
Bank and merchant charges	20,228
Property taxes	13,112
Utilities	12,330
Repairs and maintenance	10,793
Insurance	10,235
Interest on Receiver's borrowings	6,444
Adminstrative disbursements	5,221
Employer health tax	4,000
Computer services	2,905
Lease payments	2,809
Accounting services	1,750
Worksafe BC	1,302
Security	1,265
Travel	1,206
Office	1,077
Equipment rental	711
Advertising	626
Storage	539
Contractor costs	683
Filing fees	367
Misc other expenses	212
Search fees	81
	1,941,076
Excess Receipts over Disbursements	**13,115,102**

APPENDIX E

SUMMARY OF THE RECEIVER'S INVOICES

FOR THE PERIOD MARCH 3, 2021 TO JULY 31, 2021

In the Matter of the Receivership of
Wild Goose Vintners Inc.
Summary of the Receiver's Invoices
For the Period March 3, 2021 to July 31, 2021

Period	Invoice	Fees ($)	Disbursements ($)	GST ($)	Total ($)
March 3, 2021 to March 31, 2021	9147	21,388.75	768.00	1,107.84	23,264.59
April 1, 2021 to April 30, 2021	9165	23,303.75	1,366.25	1,219.75	25,889.75
May 1, 2021 to May 31, 2021	9195	40,526.25	1,515.00	2,102.06	44,143.31
June 1, 2021 to June 30, 2021	9224	50,602.50	1,846.50	2,622.46	55,071.46
July 1, 2021 to July 31, 2021	9225	55,912.50	2,121.75	2,901.72	60,935.97
	Total	**191,733.75**	**7,617.50**	**9,953.83**	**209,305.08**

APPENDIX F

SUMMARY OF DLA PIPER LLP'S INVOICES

FOR THE PERIOD MAY 31, 2021 TO JULY 31, 2021

In the Matter of the Receivership of
Wild Goose Vintners Inc.
Summary of DLA Piper LLP's Invoices
For the Period May 31, 2021 to July 31, 2021

Period	Invoice	Fees ($)	Disbursements ($)	GST ($)	PST ($)	Total ($)
May 31, 2021 to June 30, 2021	2044541	47,577.50	478.87	2,396.83	3,330.43	53,783.63
July 1, 2021 to July 31, 2021	2049950	131,945.00	3,148.09	6,693.45	9,236.15	151,022.69
Total		179,522.50	3,626.96	9,090.28	12,566.58	204,806.32