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COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFFS

CANTECH OILFIELD EQUIPMENT LTD., CELINA CAI XING LUO, HUI YANG XU, CHRISTINE YIN HUI, FANG YANG, KING CHI HUNG, CHUNG YIN SIU, BAO JING MA, SING LIM YEO, YEE KEN YEO, HON HING CHOI CHAN, JOY LING CHAN, QIN LU, DAOJING FINANCIAL CONSULTING LTD., MAGGIE TING HON, ROYAL GREENLAND COMMUNITY LTD., KA FAI PUI, NYUK JIN HUI, KAI WAH HUI, BENJAMIN JOSHUA HUI, SARA FAROUK EL-QUTUB, MAHER FAREED SHAMLAWI, NECEIB MOUSSA, SALLY FARHAT, GANESHA INVESTMENTS LTD., JENIFER SHABAN ALI, JAFFAR ALI, ZAHIDA REHANA KHAN, SAHEED MOHAMMAD TAKI, MOHAMED HASSAN KHATTAB, 2027498 ALBERTA LTD. and HARILEELA INVESTMENTS LTD.

JS  
Aug 4 2022

DEFENDANTS

ROXDALE GARDENS LTD., ROHIT SETHI also known as ROY SETHI, ROHIT SETHI by and through his trustee MELANIE J. LEIGH, YUVRAJ VERMA, YUVRAJ VERMA by and through his trustee MELANIE J. LEIGH, VIKAS KWATRA, and VIKAS KWATRA by and through his trustee MELANIE J. LEIGH

APPLICANT

FTI CONSULTING CANADA INC., in its capacity as Court-appointed Receiver and Manager of the assets, undertakings and properties of ROXDALE GARDENS LTD.

RESPONDENT

CANCOM ROXDALE INC.

DOCUMENT

**SUPPLEMENTAL REPORT OF FTI CONSULTING CANADA INC., in its capacity as Receiver of ROXDALE GARDENS LTD.**

**July 27, 2022**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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# SUPPLEMENTAL REPORT OF THE RECEIVER

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## INTRODUCTION

1. On June 24, 2021 (the “**Appointment Date**”), pursuant to an application brought under the Alberta *Business Corporation Act* by the plaintiffs in this action, FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all the assets, undertakings and properties (the “**Property**”) of Roxdale Gardens Ltd. (“**Roxdale**” or the “**Company**”), pursuant to an Order of the Honourable Justice M.H. Hollins (the “**Receivership Order**”).
2. On June 15, 2022, this Honourable Court granted the following relief:
  - a. an order (the “**Order Confirming Sale & Vesting Title**”) that, *inter alia*, authorized the Receiver to sell certain Lands pursuant to the terms of a purchase offer dated May 17, 2022, (the “**Sale Agreement**”) between the Receiver and Malhans Holdings Inc. and/or its Nominee (the “**Purchaser**”); and
  - b. an order (the “**Discharge Order**”) approving the discharge of the Receiver upon the filing of a Discharge Affidavit with the Clerk of the Court.
3. This report (the “**Supplemental Report**”) and other publicly available information in respect of these proceedings (the “**Receivership Proceedings**”) are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/roxdalegardens> (the “**Receiver’s Website**”).

4. Concurrent with this Supplemental Report, the Receiver filed an Application returnable on August 4, 2022, requesting this Honourable Court grant amended forms of the Order Confirming Sale & Vesting Title (the “**Amended Order Confirming Sale & Vesting Title**”) and the Discharge Order (the “**Amended Discharge Order**”) to reflect updated accounts for the Receiver’s legal counsel, Torys LLP (the “**Receiver’s Counsel**”), which were incorrectly cited in the First Report and referenced in the Order Confirming Sale & Vesting Title and Discharge Order.
5. The purpose of this Supplemental Report is to provide this Honourable Court with information with respect to the following:
  - a. an accounting error which resulted in the First Report requesting approval of the fees and disbursements of the Receiver’s Counsel at an amount less than what had been incurred; and
  - b. an update to the amounts estimated to be paid into Court (the “**Revised Remaining Funds**”) resulting from the revision to the fees and disbursements to be paid to the Receiver’s Counsel.

## TERMS OF REFERENCE

6. In preparing this Supplemental Report, the Receiver has relied upon unaudited financial information, other information available to the Receiver and, where appropriate, the Company’s books and records and discussions with various parties (collectively, the “**Information**”).
7. Except as described in this Supplemental Report:

- a. the Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
  - b. the Receiver has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
8. Future oriented financial information reported or relied on in preparing this Supplemental Report is based on assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
  9. The Receiver has prepared this Supplemental Report in connection with its Application to be heard on August 4, 2022, and it should not be relied upon for any other purposes.
  10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars. Capitalized terms not otherwise defined are as defined in the First Report or the Receivership Order.

#### **UPDATED SUMMARY OF PROFESSIONAL FEES**

11. During the drafting of the First Report, an accounting error was made which understated the fees incurred by the Receiver's Counsel. The error resulted in the professional fee summary only including the fees and disbursements for the Receiver's Counsel for the month of May 2022, and did not include the fees and disbursements from the period of June 24, 2021 to April 30, 2022.

12. The below table was included in the First Report and included the understated professional fees and disbursements of the Receiver and Receiver's Counsel for the period of June 24, 2021 to May 31, 2022:

**As included in the First Report**

**Summary of Receiver and Receiver's Counsel's Fees**

*For the period of June 24, 2021 to May 31, 2022*

<b>Firm</b>	<b>Fees</b>	<b>Disbursements</b>	<b>GST</b>	<b>Total</b>
Receiver	\$ 46,583	\$ 612	\$ 2,360	<b>\$ 49,555</b>
Receiver's Counsel	30,651	111	1,533	<b>32,294</b>
<b>Total</b>	<b>\$ 77,234</b>	<b>\$ 723</b>	<b>\$ 3,892</b>	<b>\$ 81,848</b>

13. As a result of this error, the above table incorrectly quoted the Receiver's Counsel's fees and disbursement to total \$32,294.

14. From the period of June 24, 2021 to May 31, 2022, the total of fees and disbursements incurred by the Receiver's Counsel was \$132,645.42.

15. An updated summary of incurred professional fees for the period of June 24, 2021 to May 31, 2022 is presented below:

**Updated for the Supplemental Report**

**Summary of Receiver and Receiver's Counsel's Fees**

*For the period of June 24, 2021 to May 31, 2022*

<b>Firm</b>	<b>Fees</b>	<b>Disbursements</b>	<b>GST</b>	<b>Total</b>
Receiver	\$ 46,583	\$ 612	\$ 2,360	<b>\$ 49,555</b>
Receiver's Counsel	125,683	1,232	5,731	<b>132,645</b>
<b>Total</b>	<b>\$ 172,266</b>	<b>\$ 1,844</b>	<b>\$ 8,091</b>	<b>\$ 182,200</b>

16. The above amounts have been billed but have yet to be paid as the Receiver will only have sufficient funds to pay the fees once the sale of the Roxdale property closes. As described in the First Report, the Receiver intends to use a portion of the proceeds from the Sale Agreement to pay accrued professional fees and pay the remainder of the funds into Court.

17. The Receiver and Receiver's Counsel have not billed for the preparation of this Supplemental Report, for any related application materials or the time required to prepare for and attend at this Application.
18. The Receiver and Receiver's Counsel's additional fees and disbursements to complete the administration of the Receivership Proceedings remain unchanged from the First Report and are \$5,000 and \$8,000, respectively.
19. Statements of account for the services rendered will be made available upon request.

#### **UPDATED PAYMENT OF FUNDS INTO COURT**

20. At the date of this Supplemental Report, the Receiver is holding a small cash balance of approximately \$533 as at July 21, 2022.
21. At the date of this Report, the Sale Agreement has not yet closed; however, the Purchaser and the Receiver have agreed to a closing date on or around August 2, 2022.
22. The Receiver has provided a summary of the estimated payment into Court as laid out in the First Report as well as the updated estimated payment into Court (the "**Revised Payment into Court Estimate**") in the table below, to reflect the changes resulting from the accounting error.

<b>Estimated Payment into Court</b>			
	<b>As in First Report</b>	<b>Revised Expenses</b>	<b>Variance</b>
<b>Receiver's cash on hand</b>	<b>\$ 312</b>	<b>\$ 533</b>	<b>\$ 221</b>
<b>Purchase Price</b>	<b>3,625,000</b>	<b>3,625,000</b>	<b>-</b>
<b>Closing expenses</b>			
Repayment of Receiver's Certificate	(4,000)	(4,000)	-
Receiver	(54,555)	(54,555)	-
Receiver's Counsel	(40,294)	(140,645)	(100,352)
Realtor	(108,750)	(108,750)	-
<b>Total - Closing expenses</b>	<b>(207,598)</b>	<b>(307,950)</b>	<b>(100,352)</b>
<b>Estimated cash for distribution</b>	<b>3,417,402</b>	<b>3,317,050</b>	<b>(100,352)</b>
<b>Payment into Court</b>	<b>\$3,417,714</b>	<b>\$3,317,583</b>	<b>\$ (100,130)</b>

23. The Receiver has revised the amount that is estimated to be held following the payment of all closing expenses to be approximately \$3.3 million (the “**Revised Remaining Funds**”).
24. The Receiver is proposing to pay the Revised Remaining Funds into Court to allow the shareholders to make applications with respect to entitlement to the Revised Remaining Funds through an orderly court process.



## RECEIVER'S RECOMMENDATIONS

25. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the Amended Order Confirming Sale & Vesting Title and the Amended Discharge Order approving the updated account of the Receiver's Counsel and directing the Receiver to pay the Revised Remaining Funds into Court.

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All of which is respectfully submitted this 27<sup>th</sup> day of July 2022.

**FTI Consulting Canada Inc.**  
**in its capacity as Court-appointed**  
**Receiver and Manager**  
**of Roxdale Gardens Ltd. and not in**  
**its personal capacity**



Dustin Olver, CA, CPA, CIRP, LIT  
Senior Managing Director