



COURT FILE NUMBER S-235306
VANCOUVER REGISTRY
ESTATE NO. 11-254535

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE RECEIVERSHIP OF
1239583 B.C. LTD.**

FIRST REPORT OF THE RECEIVER

OCTOBER 10, 2023

FIRST REPORT OF THE RECEIVER

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INTRODUCTION

1. On September 8, 2023 (the “**Receivership Date**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all of the assets, undertakings and property (the “**Property**”) of 1239583 B.C. Ltd. (“**123**” or the “**Company**”), including its predecessor prior to amalgamation, 1134759 B.C. Ltd., pursuant to an Order of the Supreme Court of British Columbia (the “**Receivership Order**”).
2. The Property includes an approximately 160-acre parcel of land located at 9250 Somers Rd., Port Alberni, British Columbia (the “**Farm**”) as well as various farm machinery and equipment. The Company’s principal business is the planting and growing of vegetable crops, including broccoli, cauliflower and pumpkins.
3. This first report of the Receiver (the “**First Report**”) is a special-purpose report intended to provide this Honourable Court with information with respect to the following:
 - a. the activities of the Receiver since the Receivership Date; and
 - b. the Receiver’s application for an order authorizing the Receiver to assign the 123 into bankruptcy.
4. The Receivership Order and other publicly available information in respect of these proceedings is posted on the Receiver’s website at cfcanada.fticonsulting.com/123.

TERMS OF REFERENCE

5. In preparing this First Report, the Receiver has relied upon audited and 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**”).

6. Except as described in this First 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 Canadian Institute of Chartered Accountants Handbook; and
 - b. the Receiver has not examined or reviewed financial forecasts and projections referred to in this First Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
7. Future-oriented financial information reported or relied on in preparing this First Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variances may be material.
8. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

RECEIVER'S ACTIVITIES

9. The Receiver's initial activities since the Receivership Date include the following:
 - a. corresponding with family members of Jaswant Bath, a director of 123, to advise them of the Receivership and obtain information in respect of the Property;
 - b. visiting the Farm on two occasions to observe the Property and meet with the manager of the Farm;
 - c. engaging Accurate Effective Bailiffs Ltd. to assist the Receiver with identifying and documenting machinery and equipment located at the Farm;

- d. engaging an agricultural consultant to provide the Receiver with a preliminary assessment of the standing crops at the Farm and identifying any constraints to the harvesting and marketing of the crops;
- e. locating certain of 123's farm equipment (the "**Kubota Equipment**"), removed from the Farm by a bailiff on the instructions of an equipment financier, namely Kubota Canada Ltd. ("**Kubota**"), and notifying Kubota of the Receivership Order and the Receiver's interest in the Kubota Equipment;
- f. arranging payment for food and supplies required for the wellbeing of contract agricultural workers living in a bunkhouse on the Farm. The Receiver was advised by the family of Jaswant Bath and the farm manager that the agricultural workers are employed by a separate, numbered company that is not a party to the Receivership Order;
- g. retaining McCarthy Tetrault LLP to act as independent legal counsel to the Receiver;
- h. attending to insurance matters including correspondence with BFL Canada Risk and Insurance Service Inc. regarding property and liability insurance coverage for the Farm;
- i. providing periodic updates to National Bank of Canada ("**NBC**") in its capacity as senior secured lender to 123 as well as NBC's legal counsel;
- j. arranging for the issuance of a Receiver Certificate in respect of receiver borrowings provided by NBC;
- k. attending to various statutory notices and other duties of the Receiver pursuant to the Receivership Order, the *Bankruptcy and Insolvency Act* ("**BIA**") and other applicable statutes; and

1. preparing this First Report.
10. The Receiver’s interim statement of cash receipts and disbursements for the period of September 8, 2023 to October 6, 2023 (the “**R&D**”) is summarized below:

R&D	
For the period of September 8, 2023 to October 6, 2023	
Receipts	
Receiver's Borrowings	\$ 100,000
Total - Receipts	100,000
Disbursements	
Operating Expenses	(5,000)
Appraisal Fees	(2,475)
Bank Fees and Interest	(152)
Total - Disbursements	(7,627)
Net Cash on Hand	\$ 92,373

11. The Receiver has borrowed \$100,000 from NBC under a Receiver’s Certificate which is secured by the Receiver’s Borrowings Charge as defined in the Receivership Order and has approximately \$92,000 of remaining cash on hand. The Receiver has incurred obligations in respect of Receiver’s fees, legal fees and other commitments that have not yet been paid and are not reflected in the R&D.

ASSIGNMENT IN BANKRUPTCY

12. The Receiver is seeking the authorization of this Honourable Court to assign 123 into bankruptcy. The Receiver’s preliminary review of the Information indicates that there have been recent transactions with related and / or affiliated parties, some of which may be reviewable transactions and considered transfers at under value or preferences in a bankruptcy proceeding. For the purposes of the *Bankruptcy and Insolvency Act*, RSC, 1985, c. B-3, as amended (the “**BIA**”), the time to review these transfers, and the onus on the parties to them, is assessed from the date of bankruptcy. A bankruptcy of the

Company will allow the trustee in bankruptcy the enhanced powers to investigate these transactions and pursue them under the BIA for the benefit of the estate and creditors.

13. There is no doubt that the Company is insolvent and has committed acts of bankruptcy pursuant to the BIA, including failure to meet its obligations as they become due and owing. Accordingly, a creditor would likely be successful seeking a bankruptcy order. Allowing the Receiver to assign the Company into bankruptcy is a more efficient and cost effective method to achieve this result. There is no material prejudice to any party should the Company be assigned into bankruptcy.

RECOMMENDATION

14. The Receiver respectfully recommends that this Honourable Court grant an order authorizing the Receiver to make an assignment in bankruptcy on behalf of 123.

All of which is respectfully submitted this 10th day of October 2023.

FTI Consulting Canada Inc.
in its capacity as Receiver of
1239583 B.C. Ltd.



Tom Powell
Senior Managing Director



Robert Kleebaum
Senior Director