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C A N A D A  
DISTRICT OF NOVA SCOTIA  
DIVISION No.: 04-YARMOUTH  
COURT No.: 45704  
ESTATE No.: 51-126464

SUPREME COURT OF NOVA SCOTIA  
IN BANKRUPTCY AND INSOLVENCY

**IN THE MATTER OF THE BANKRUPTCY OF:** **Kelsey Lynne Fisheries Ltd.**, a company formed under the laws of Nova Scotia, having its head office at 4106 HWY 308, Tusket, Nova Scotia, B0W 3M0  
Bankrupt

- and -

**DELOITTE RESTRUCTURING INC.**  
(Kurt MacLeod, MBA, CIRP, LIT)  
having its place of business at 1741 Lower Water Street, Suite 800, Halifax NS, B3J 0J2  
Licensed Insolvency Trustee

## **SECTION A – BACKGROUND AND CAUSES OF INSOLVENCY**

Kelsey Lynne Fisheries Ltd. (“**KLF**”) was incorporated on September 25, 2009 and its sole director is Jonathan Michael Rhyno (“**Mr. Rhyno**”). KLF was originally established and operated as a lobster fishing business. Following the sale of licenses and fishing equipment, KLF acquired land located at 4106 Highway 308, Tusket, Yarmouth, Nova Scotia and in 2018 constructed a building for the purpose of opening a café/restaurant (the “**Property**”).

The Property was leased by a related entity Anchored Grounds Ltd. (“**Anchored**”) and Coastal Financial Credit Union Limited (“**Coastal**”) provided financing to Anchored to support the acquisition of equipment, the construction of the building and to provide working capital (collectively, the “**Coastal Obligations**”). KLF executed an unlimited guarantee and postponement of claim pertaining to the Coastal Obligations and provided Coastal with a mortgage over the Property.

Deloitte Restructuring Inc. (“**Deloitte**”) is advised that after opening the café, Anchored was challenged by operating issues, the negative impacts of the COVID-19 pandemic and ultimately ceased operations in and around December 2022. Subsequent to the closure of the business, Anchored ceased making scheduled payments of critical obligations including the Coastal Obligations and municipal property taxes.

On January 9, 2023, Coastal demanded repayment of the Coastal Obligations (the “**Demands**”) and after KLF failed to answer the Demands on November 24, 2023 Coastal filed an application with the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the “**Court**”) for an order adjudging KLF bankrupt (the “**Bankruptcy Order**”). Deloitte consented to the appointment as Licensed Insolvency Trustee (the “**Trustee**”) of KLF.

On January 4, 2024 (the “**Date of Bankruptcy**”), the Court granted the Bankruptcy Order and appointed Deloitte as Trustee of the estate.

Additional information regarding the administration of the bankruptcy proceedings can be found at the Trustee’s website [www.insolvencies.deloitte.ca/KelseyLynneFisheries](http://www.insolvencies.deloitte.ca/KelseyLynneFisheries).

## SECTION B – PRELIMINARY EVALUATION OF ASSETS AND SECURED CREDITORS

As at the date of this Preliminary Report of the Trustee (the “**Report**”), the Trustee has not located the books and records of KLF, as such, limited information is available pertaining to the assets and liabilities of KLF.

The Property is situated on 9.3 acres of land and includes one primary commercial building, one smaller building which houses office space, and a barn structure. The total assessed value of the Property in 2024 was \$507,600.

In addition to Coastal’s secured claim discussed herein, the Trustee noted the following potential secured claims registered with Nova Scotia Property Online and the Personal Property Registry System (collectively, the “**Secured Creditors**”).

<b>Creditor</b>	<b>\$ Amount</b>	<b>Secured Creditor Collateral</b>
Coastal Financial Credit Union Limited	\$701,622	Mortgage over the Property
Municipality of Argyle	\$24,686	Priority claim over the Property
Acadian Plumbing, Heating & Electrical Limited	\$34,889	Lien claim against the Property
CWB National Leasing Inc.	Unknown	2018 Screen King Ultra Screener
LBEL Inc.	Unknown	Point of sale system
Bank of Nova Scotia	Unknown	All present and after acquired personal property

The Trustee has engaged Burchell Wickwire Bryson LLP (“**BWB**”) to act as estate legal counsel and will be seeking a motion at the first meeting of the estate inspectors to affirm this appointment.

BWB will then be requested to provide the Trustee with independent legal opinions regarding the validity and enforceability of certain Secured Creditor claims.

## SECTION C – BOOKS AND RECORDS

As at the date of this Report the Trustee has not located the books and records of KLF. Efforts to locate the books and records will continue including contacting Mr. Rhyno and a former bookkeeper of KLF.

## SECTION D – CONSERVATORY AND PROTECTIVE MEASURES

The Trustee has taken the following conservatory and protective measures over KLF’s assets:

- Worked in conjunction with representatives from Coastal in order to insure the Property, arrange for regular inspections of the property and inventory the assets located at the Property.
- The Trustee attended the Property in order to inventory the assets of KFL and noted that outside of limited computers and point of sale equipment, the assets of KFL are limited to land, buildings, and fixtures

## SECTION E – RELEVANT INFORMATION RELATING TO PROVABLE CLAIMS AND A DESCRIPTION OF CREDITORS

The Trustee has received one proof of claim as at the date of this Report from Coastal outlining a secured claim of \$714,055.

**SECTION F – LEGAL PROCEEDINGS, REVIEWABLE TRANSACTIONS AND PREFERENCE PAYMENTS**

The Trustee is not aware of any legal proceedings, reviewable transactions, or preference payments at this time.

The Trustee undertakes to review the books and records once located in order to identify any potential reviewable transactions and/or preference payments.

**SECTION G – DETAILS OF THIRD-PARTY DEPOSITS OR GUARANTEES**

The fees, disbursements, and costs of the bankrupt proceedings will be covered by an administrative agreement between the Trustee and Coastal.

**SECTION H – TRUSTEE’S INTENTION TO ACT FOR SECURED CREDITORS**

The Trustee is currently in discussions with the Coastal with respect to a potential dual appointment as Receiver for the purpose of realizing on the Property.

**SECTION I – PROJECTED DISTRIBUTION AND TRUSTEE COMMENTS ON ANTICIPATED ASSET REALIZATIONS**

Based on the activities the Trustee to date, the Trustee does not anticipate a distribution to unsecured creditors will be made from the bankrupt estate.

**SECTION J – OTHER**

Nothing to report at this time.

Dated at Halifax, Nova Scotia this 4<sup>th</sup> day of March 2024.

**DELOITTE RESTRUCTURING INC**

Acting in its capacity as  
Licensed Insolvency Trustee of Kelsey Lynne Fisheries Ltd.  
and not in its personal capacity

Per:

A handwritten signature in black ink, appearing to read "Kurt Macleod". The signature is written in a cursive, somewhat stylized font.

**Kurt Macleod, MBA, CIRP, LIT**  
Vice President