

DISTRICT OF: NOVA SCOTIA

DIVISION NO: 01 – HALIFAX

COURT NO: 2023-521470

ESTATE NO'S: 51-126400/51-126401/51-126414

**FOURTH REPORT OF DELOITTE RESTRUCTURING INC.
IN ITS CAPACITY AS RECEIVER OF
MERIDIEN ATLANTIC FISHING LTD.,
ROCKY COAST SEAFOODS LTD. AND 9514228 CANADA INC.**

NOVEMBER 9, 2023

TABLE OF CONTENTS

INTRODUCTION 1
PURPOSE 2
TERMS OF REFERENCE AND DISCLAIMER 3
ACTIVITIES OF THE RECEIVER 4
MARKETING AND SALE PROCESS UPDATE 5
RECEIVER'S ACTIVITIES AND CONSOLIDATED R&D 9
CONCLUSION 9

APPENDICES

APPENDIX A – CONSOLIDATED STATEMENT OF RECEIPTS AND DISBURSEMENTS

APPENDIX B – TRINAV CORRESPONDENCE

INTRODUCTION

1. On March 9, 2023 (the "**Appointment Date**"), upon application by TD Bank ("**TD**"), the Supreme Court of Nova Scotia in Bankruptcy and Insolvency (the "**Court**") granted an order (the "**Receivership Order**") appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver (the "**Receiver**") without security, of all the assets, undertakings and properties of Meridien Atlantic Fishing Ltd. ("**Meridien**") and Rocky Coast Seafoods Ltd. ("**Rocky Coast**").
2. On April 14, 2023, upon application by TD, the Receivership Order was amended (the "**Amended Receivership Order**") appointing Deloitte as Receiver without security, over the assets, undertakings and properties of 9514228 Canada Inc. ("**951**") (Meridien, Rocky Coast and 951 are collectively referred to herein as the "**Meridien Group**").
3. Additionally, on April 14, 2023, the Court granted an order approving the proposed sale and investment solicitation process (the "**SISP**") (the "**SISP Order**") as outlined in the Receiver's first report dated April 5, 2023 (the "**First Report**").
4. On July 4, 2023, the Court granted an order approving proposed amendments to the SISP (the "**Amended SISP Order**") as outlined in the Receiver's second report dated June 27, 2023 (the "**Second Report**"), approved an increase to the Receiver's borrowing charge from \$250,000 to \$350,000 (the "**Borrowing Charge**"), and approved the activities of the Receiver as contained in the First Report and the Second Report (the "**Activities Order**").
5. On July 27, 2023, the Court granted an order approving the sale of the undeveloped real property (the "**Transaction**") located in Church Point, Nova Scotia (the "**Sale Approval and Vesting Order**") and granted an order to keep details on the Transaction sealed until such time as the Transaction is closed or further order of the Court (the "**Confidentiality Order**") as contained in the Receiver's third report (the "**Third Report**") and the confidential supplement to the Third Report (the "**Confidential Supplement to the Third Report**"), both of which were dated June 18, 2021.

PURPOSE

6. The purpose of this fourth report (the "**Fourth Report**") is to provide information to the Court with respect to:
- i. the Receiver's activities since the Second Report, including an update on the financial position of the estate (the "**Consolidated R&D**");
 - ii. an update on the SISP, including:
 - iii. the Receiver's request for an order approving the sale of the fishing licenses and quotas (the "**Licenses and Quotas**") (the "**License and Quota Sale Approval and Vesting Order**");
 - iv. the Receiver's request for an order approving the sale of the apartment building located in Comeauville, Nova Scotia (the "**Apartment Building**") (the "**Apartment Building Sale Approval and Vesting Order**");
 - v. the Receiver's request for an order that certain aspects of the License and Quota Sale Approval and Vesting Order and the Apartment Building Sale Approval and Vesting Order as contained with the confidential supplement to the Fourth Report (the "**Confidential Supplement to the Fourth Report**") be sealed until such time as the transactions close or upon further order of this Court (the "**Second Confidentiality Order**"); and
 - vi. the Receiver's request for an order approving the Receiver's activities as contained in the Third Report, the Confidential Supplement to the Third Report, the Fourth Report and the Confidential Supplement to the Fourth Report (the "**Second Activities Approval Order**").

TERMS OF REFERENCE AND DISCLAIMER

7. In preparing this Fourth Report, the Receiver has been provided with, and has relied upon, unaudited, draft and/or internal financial information, the Meridien Group's books and records, discussions with management, and information from third-party sources (collectively, the "**Information**").
8. Except as described in this Fourth Report:
 - i. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Audit Standards ("**CAS**") pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, Deloitte expresses no opinion or other form of assurance contemplated under CAS in respect of the Information.
 - ii. Deloitte has prepared this Fourth Report in its capacity as Receiver to provide background to the Court for its consideration of the relief being sought. Parties using this Fourth Report other than for the purposes outlined herein are cautioned that it may not be appropriate for their purposes.
9. Unless otherwise stated, all dollar amounts contained in this Fourth Report are expressed in Canadian Dollars.
10. Capitalized terms not otherwise defined herein are as defined in the Receivership Order, the Amended Receivership Order, the SISP Order, the First Report, the Amended SISP Order, the Second Report, the Sale Approval and Vesting Order, the Activities Order, the Confidentiality Order, the Third Report, and the Confidential Supplement to the Third Report.
11. Materials filed with the Court in these Receiver Proceedings can be found on the Receiver's website at www.insolvencies.deloitte.ca/MeridienGroup (the "**Receivers Website**").

ACTIVITIES OF THE RECEIVER

12. Since the Second Report, the Receiver's activities have included, but were not limited to the following:
- i. participating in discussions with representatives of TD regarding the administration of the estate, including the SISP;
 - ii. participating in discussions with parties holding Licenses and Quotas in trust for Meridien and 951;
 - iii. participating in discussions with Ernst & Young Inc. ("**EY**") regarding the administration of the estate and the SISP;
 - iv. assisting TriNav with the administration of the SISP as further contained herein;
 - v. participating in discussions with Receiver's legal counsel regarding the SISP;
 - vi. closing the Transaction;
 - vii. preparing the Third Report, the Confidential Supplement to the Third Report, the Fourth Report, the Confidential Supplement to the Fourth Report and attending Court hearings;
 - viii. filed the Receiver's Interim Statement as required under s246(2) of the BIA with the Office of the Superintendent in Bankruptcy and provided copies to TD and EY;
 - ix. held discussions with the Canada Revenue Agency ("**CRA**") regarding the non-compliant status of the Meridien Group's business accounts, which status is currently holding up the Receiver's excise tax refunds ("**HST Refunds**"); and
 - x. renewed the insurance coverage.

13. A copy of the Consolidated R&D as at November 6, 2023 is enclosed as **Appendix A**. The Receiver offers the following commentary:

- i. the Receiver has borrowed \$289,805.32 of the approved Borrowing Charge of \$350,000;
- ii. the Transaction generated proceeds of \$100,000;
- iii. the estate has incurred professional fees and disbursements of \$187,659.05 (exclusive of HST) broken down as \$124,579.90 for the Receiver and \$63,079.15 for the Receiver's legal counsel;
- iv. the estate has paid \$50,206.62 in insurance;
- v. the estate has paid contracted workers \$33,450.64 to assist with the administration of the estate, including providing security over the real property assets as required by the insurer; and
- vi. the estate has paid HST of \$31,086.19, which the Receiver is currently in the process of resolving with CRA

14. As of the date of the Fourth Report, the Receiver is holding \$77,094.80 in its trust accounts (the "**Receivership Funds**").

MARKETING AND SALE PROCESS UPDATE

15. The Receiver provided this Court with a detailed overview of the activities and the outcomes of the SISP in its Second Report. The outcome of this update was the Court granting the Amended SISP Order.

16. Subsequent to the granting of the Amended SISP Order, the Receiver has worked closely with TriNav on the SISP and provides the Court with the following updates:

Licenses and Quotas

17. On or around September 8, 2023, TriNav wrote (the "**TriNav Correspondence**") to several parties who had participated in the SISP asking for their best and final offer on or before September 15, 2023. A copy of the TriNav Correspondence is enclosed as **Appendix B**.
18. Several offers were received as a result of the issuance of the TriNav Correspondence, which offers were compiled and reviewed by the Receiver in consultation with TriNav and TD. On October 4, 2023, the Receiver entered into an agreement of purchase and sale (the "**License and Quota APS**"), further details of which have been provided to this Court in the Confidential Supplement to the Fourth Report.
19. The Receiver is seeking the Court's approval to complete a transaction pertaining to the Licenses and Quotas. To protect sensitive information relating to the proposed transaction, the Receiver has provided the Court with a Confidential Supplement to the Fourth Report.
20. The Confidential Supplement provides an overview of offers received and the appraised value of the Licenses and Quotas. A copy of the License and Quota APS is also included in the Confidential Supplement to the Fourth Report. The Receiver is seeking the Confidentiality Order regarding the Confidential Supplement to the Fourth Report until such a time as the transaction is closed, or upon further order of this Court if the transaction does not close. A copy of the proposed Confidentiality Order is filed with the Receiver's motion materials.
21. The intent of the Confidentiality Order is to maintain confidentiality regarding the offers and the appraised value until such time as the Receiver can complete a sale of the Licenses and Quotas, as contemplated by the License and Quota Sale Approval and Vesting Order. The Receiver is of the view that there is risk that public disclosure of this information could negatively impact realization if the transaction contemplated by the License and Quota APS does not close, and the Receiver is required to re-market the Licenses and Quotas.

22. The Receiver has shared the License and Quota APS with both TD and EY and both parties are supportive of the proposed transaction. For the reasons set out in the Confidential Supplement to the Fourth Report, the Receiver is of the opinion that the transaction with the purchaser is commercially reasonable and should be accepted. Accordingly, the Receiver recommends that the Court grant the License and Quota Sale Approval and Vesting Order and the Confidentiality Order.
23. Should this Court approve the License and Quota Sale Approval and Vesting Order and the Confidentiality Order, and the sale of the Licenses and Quotas closes, the Receiver intends to hold the proceeds of sale in trust until such time as a distribution order is granted by the Court.

Apartment Building

24. Subsequent to the granting of the Amended SISP, on July 17, 2017, TriNav listed the Apartment Building on the multiple listing services system (the "**MLS**") at price of \$200,000. With limited activity and with market intelligence from TriNav, on September 15, 2023, after consultation with TD and EY, the listing price was reduced to \$150,000.
25. As of the date of the Fourth Report, the Receiver has entered into an agreement of purchase sale (the "**Apartment Building APS**"), further details of which have been provided to this Court in the Confidential Supplement to the Fourth Report.
26. The Receiver is seeking the Court's approval to complete a transaction pertaining to the Apartment Building. To protect sensitive information relating to the proposed transaction, the Receiver has provided the Court with a Confidential Supplement to the Fourth Report.
27. The Confidential Supplement to the Fourth Report provides an overview of the offers received and the appraised value of the Apartment Building. A copy of the Apartment Building APS is also included in the Confidential Supplement to the Fourth Report. The Receiver is seeking the Confidentiality Order regarding the Confidential Supplement to the Fourth Report until such a

time as the transaction is closed, or upon further order of this Court if the transaction does not close. A copy of the proposed Confidentiality Order is filed with the Receiver's motion materials.

28. The intent of the Confidentiality Order is to maintain confidentiality regarding the offers and the appraised value until such time as the Receiver can complete a sale of the Apartment Building, as contemplated by the Apartment Building Sale Approval and Vesting Order. The Receiver is of the view that there is risk that public disclosure of this information could negatively impact realization if the transaction contemplated by the Apartment APS does not close, and the Receiver is required to re-market the Apartment Building.
29. The Receiver has shared the Apartment Building with both TD and EY and both parties are supportive of the proposed transaction. For these reasons set out in the Confidential Supplement to the Fourth Report, the Receiver is of the opinion that the transaction with the purchaser is commercially reasonable and should be accepted. Accordingly, the Receiver recommends that the Court grant the Apartment Building Sale Approval and Vesting Order and the Confidentiality Order.
30. Should this Court approve the Apartment Building Sale Approval and Vesting Order and the Confidentiality Order, and the sale of the Apartment Building closes, the Receiver intends to hold the proceeds of sale in trust until such time as a distribution order is granted by the Court.

Fish Processing Facility

31. Subsequent to the granting of the Amended SISP, TriNav listed the fish processing facility on MLS at a listing price of \$2,300,000. Due to limited interest and in consultation with TriNav, TD and EY, on September 15, 2023 the listing price was reduced to \$1,000,000.
32. As at the date of the Fourth Report, the Receiver wishes to advise the Court that the fish processing facility remains listed for sale on MLS and TriNav continues to dialogue with a number of potential interested parties. The Receiver will provide the Court with an update at the next scheduled hearing.

RECEIVER'S ACTIVITIES AND CONSOLIDATED R&D

- 33. The Receiver is currently seeking the Court's approval of the Third Report, the Confidential Supplement to the Third Report, the Fourth Report and the Confidential Supplement to the Fourth Report, including the conduct and activities described therein.
- 34. As at the date of the Fourth Report, the Receiver is not aware of any objection to the Receiver's conduct or activities.

CONCLUSION

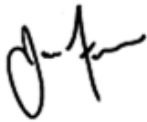
- 35. The Fourth Report has been prepared to provide this Court with information regarding the Receiver's activities since the Second Report and in support of the relief requested herein.
- 36. Based on the foregoing, the Receiver requests the Court grant the requested orders.

All of which is respectfully submitted on November 9, 2023.

DELOITTE RESTRUCTURING INC.

Acting in its capacity as
Receiver of Meridien Atlantic Fishing Ltd.,
Rocky Coast Seafoods Ltd. and 9514228 Canada Inc.
and not in its personal capacity.

Per:



James Foran, CPA, CA, CIRP, LIT
Senior Vice President

Per:



Kurt Macleod, MBA, CIRP, LIT
Vice-President

**APPENDIX A
CONSOLIDATED R&D**

District of: Nova Scotia
Division No: 01- Halifax
Estate No's: 51-126401/51-126400/51-126414

**In the matter of the receivership of
Meridien Atlantic Fishing Ltd., Rocky Coast Seafoods Ltd.
and 9514228 Canada Inc.
of the town of Comeauville, in the Province of Nova Scotia, and
the town of Matane, in the Province of Quebec**

**Consolidated Interim Statement of Receipts and Disbursement
for the period from March 9, 2023 to November 6, 2023**

| RECEIPTS | Rocky Coast Seafoods Ltd. | Meridien Atlantic Fishing Limited | 9514228 Canada Inc. | Consolidated |
|---|----------------------------------|--|----------------------------|--------------------------|
| Borrowings under Receiver's Certificate | 289,805.32 | - | - | 289,805.32 |
| Sale of real property | 100,000.00 | - | - | 100,000.00 |
| Rental income | 15,953.29 | - | - | 15,953.29 |
| Seized cash | 478.97 | - | 225.60 | 704.57 |
| Collection of accounts receivable | 374.69 | - | - | 374.69 |
| Interest income | 27.25 | - | - | 27.25 |
| | <u>406,639.52</u> | <u>-</u> | <u>225.60</u> | <u>406,865.12</u> |
| TOTAL RECEIPTS | <u>406,639.52</u> | <u>-</u> | <u>225.60</u> | <u>406,865.12</u> |
| DISBURSEMENTS | | | | |
| Receiver fees and disbursements | 124,579.90 | - | - | 124,579.90 |
| Legal fees and disbursements | 63,079.15 | - | - | 63,079.15 |
| Insurance | 50,206.62 | - | - | 50,206.62 |
| Contracted workers | 33,450.64 | - | - | 33,450.64 |
| HST paid on disbursements | 31,086.19 | - | - | 31,086.19 |
| Utilities | 13,293.94 | - | - | 13,293.94 |
| Repairs and maintenance | 5,360.60 | - | - | 5,360.60 |
| Real estate commissions | 5,000.00 | - | - | 5,000.00 |
| Telephone and internet | 1,815.11 | - | - | 1,815.11 |
| Interest and bank charges | 692.50 | - | 2.72 | 695.22 |
| License fees paid to Department of Fisheries and Oceans | 592.13 | - | - | 592.13 |
| Property tax | 342.70 | - | - | 342.70 |
| Filing fee paid to the OSB | 72.82 | - | 75.30 | 148.12 |
| Security | 120.00 | - | - | 120.00 |
| | <u>329,692.30</u> | <u>-</u> | <u>78.02</u> | <u>329,770.32</u> |
| TOTAL DISBURSEMENTS | <u>329,692.30</u> | <u>-</u> | <u>78.02</u> | <u>329,770.32</u> |
| AMOUNT RETAINED IN TRUST ACCOUNT BY THE RECEIVER | <u>76,947.22</u> | <u>-</u> | <u>147.58</u> | <u>77,094.80</u> |

Notes to the Consolidated Interim Statement of Receipts and Disbursement

The above consolidated interim statement of receipts and disbursements (the "Consolidated R&D") contains the financial activity of the following estates:

- (i) Rocky Coast Seafoods Ltd. - estate #51-126401
- (ii) Meridien Atlantic Fishing Limited - estate #51-126400; and
- (iii) 9514228 Canada Inc. - estate #51-126414

Prior to any distribution, the Receiver will allocate the economic activity between the various estates. To date, with the exception of seized cash, the economic activity contained within the Consolidated R&D has related to Rocky Coast Seafoods Ltd. exclusively.

DELOITTE RESTRUCTURING INC.

Acting in its capacity as
Court Appointed Receiver of Meridien Atlantic Fishing Ltd., Rocky Coast Seafoods Ltd.
and 9514228 Canada Inc.
and not in its personal capacity

Per: 

James Foran, CPA, CA, CIRP, LIT
Senior Vice President

APPENDIX B
TRINAV CORRESPONDENCE



September 11, 2023



Subject: Meridien Atlantic Fishing Ltd., Rocky Coast Seafoods Ltd. and 9514228 Canada Inc. (Collectively "Meridien") - in Receivership

We write to follow up our recent discussions and correspondence pertaining to your offer to purchase certain fishing licenses and/or fishing quota (the "**Licenses and Quota**") as part of the Meridien Receivership. At this time, TriNav Marine Brokerage Inc. ("**TriNav**") has received several offers from interested parties regarding the Licenses and Quota.

In order to treat all interested parties in a fair and equitable manner, TriNav hereby requests that you submit your best and final offer (by completing the enclosed letter of intent form) on or before **12:00PM (Noon) Newfoundland Time on September 15, 2023**. As an appendix to the enclosed form, please include a complete list of all conditions precedent associated with your offer ("**List of Conditions**") and a 10% refundable deposit. Offers received without a List of Conditions will be assumed to be free of any conditions precedent.

Deposits provided by unsuccessful parties will be returned as soon as reasonably possible and the successful parties' deposit will become non-refundable upon satisfaction of all applicable conditions precedent of the buyer and seller.

We trust that you will find the above and enclosed to be in order. If you have any questions, please feel free to contact the undersigned at your convenience.

Regards,

Trevor Decker
 Director, TriNav Group of Companies

Enclosure

St. John's Office (Head Office)
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 St. John's, NL, A1A 5B5
 Ph: (709) 754-7060
 Toll Free: 1-866-754-7060
 Toll Free Fax: 1-866-442-1015

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 Toll Free: 1-888-742-1922

Mount Stewart Office
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 Mount Stewart, PE, C0A 1T0
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Caraquet Office
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 Toll Free: 1-866-590-9212