

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER PURSUANT TO SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 c.B-3, AS AMENDED AND SECTION 55 OF *THE COURT OF QUEEN'S BENCH ACT*, C.C.S.M. c.C280

BETWEEN:

ROYAL BANK OF CANADA

Plaintiff,

-and-

**6382330 MANITOBA LTD., PGRP PROPERTIES INC., AND 6472240
MANITOBA LTD.**

Defendants.

**SUPPLEMENT TO THE SECOND REPORT OF DELOITTE RESTRUCTURING INC.,
IN ITS CAPACITY AS COURT APPOINTED RECEIVER OF 6382330 MANITOBA
LTD., PGRP PROPERTIES LTD., AND 6472240 MANITOBA LTD.**

February 16, 2021

RECEIVER

DELOITTE RESTRUCTURING INC.

360 Main Street, Suite 2300
Winnipeg, Manitoba R3C 3Z3
Brent Warga
Ph: (204) 942-0051
Fax: (204) 947-2689
Email: bwarga@deloitte.ca

COUNSEL TO THE RECEIVER

Thompson Dorfman Sweatman LLP
Barristers and Solicitors
1700 – 242 Hargrave Street
Winnipeg, Manitoba R3C 0V1
Ross McFadyen
Ph: (204) 934-2378
Fax: (204) 934-0538
Email: ram@tdslaw.com

TABLE OF CONTENTS

PURPOSE..... 1
BACKGROUND 1
CONCLUSION..... 3

APPENDICES

Appendix A – February 11, 2021 Levene Tadman Golub Law Corporation Correspondence

PURPOSE

1. On February 12, 2021, the Receiver filed its second report with this Honourable Court (the “**Second Report**”). The purpose of this supplement to the Second Report (the “**Supplement to the Second Report**”) is to bring to the Court’s attention certain correspondence received by the Receiver on February 11, 2021, from legal counsel, Levene Tadman Golub Law Corporation (“**LTG**”), representing 6382330 Manitoba Ltd. (“**638**”), 6472240 Manitoba Ltd. (“**647**”), Glen Collins (“**Mr. Collins**”) (a director and President of 638, and a director and President of 647), and Paul Arsenault (“**Mr. Arsenault**”) (Secretary of 638, and a director and Secretary of 647).

BACKGROUND

2. At the December 16, 2020 hearing in these proceedings, the Receiver sought various relief from the Court, all of which was granted, with the exception of the Receiver’s discharge. At the time of the hearing, the Receiver’s discharge was opposed by Mr. Collins and Mr. Arsenault (collectively the “**Interested Parties**”), as the Interested Parties had not been provided with the Receiver’s confidential report dated December 10, 2020 (the “**Confidential Report**”), which contained confidential pricing information regarding the 620-626 Ellice Avenue property (the “**Property**”). Considering the opposition raised, the Honourable Justice J. G. Edmond advised that once the Confidential Report was unsealed and made available to the Interested Parties, if there was no longer any opposition to the Receiver’s discharge, the Court would be prepared to grant an Order authorizing the discharge of the Receiver, possibly without the need for a formal appearance.
3. As detailed in the Second Report, in accordance with the terms of the sale approval and vesting order dated December 16, 2020 (the “**SAVO**”), on December 21, 2020, the Receiver filed Receiver’s Certificate – Sale with the Court, evidencing the closing of the sale of the Property. In accordance with paragraph 14(b) of the SAVO, upon the filing of the Receiver’s Certificate – Sale with the Court, the Confidential Report was to be unsealed.

4. On December 21, 2020, the Receiver's legal counsel, Thompson Dorfman Sweatman LLP ("TDS"), provided the Confidential Report via e-mail to LTG (the "**December 21, 2020 E-mail**").
5. As TDS did not receive any correspondence from LTG subsequent to the December 21, 2020 E-mail, on January 21, 2021, TDS corresponded with LTG by e-mail and enquired if the Interested Parties had any opposition to the Receiver seeking its discharge, after having the opportunity to review the Confidential Report. On January 22, 2021, LTG responded to TDS and advised that they were still seeking instructions from the Interested Parties.
6. On January 27, 2021, TDS again corresponded with LTG by e-mail (the "**January 27, 2021 E-mail**"), enquiring if they had received instructions from the Interested Parties. As no response was received to the January 27, 2021 E-mail, on February 2, 2021, TDS again corresponded with LTG by e-mail (the "**February 2, 2021 E-mail**"). The February 2, 2021 E-mail advised that failing a response from LTG on or before close of business on February 4, 2021, the Receiver intended to canvass the Court to schedule a hearing for the Receiver's discharge. As no response was received from LTG to the February 2, 2021 E-mail, on February 5, 2021, TDS contacted the Court and obtained the February 23, 2021 discharge hearing date.
7. On February 11, 2021, LTG sent correspondence to TDS by e-mail (the "**February 11, 2021 LTG Correspondence**"), attached hereto as Appendix A. The February 11, 2021 LTG Correspondence advised that LTG had received instructions "*to apply to the court to ask for leave to sue the Receiver*", alleging that the Receiver continued to engage Armour Property Management ("**Armour**") to manage the Property despite concerns previously raised by the Interested Parties that Armour was grossly negligent in managing the Property. LTG indicated that the Interest Parties' position is that if the Property had been managed properly, a higher realization would have resulted, enabling the Interested Parties to pay off the debt owing to Royal Bank of Canada ("**RBC**").
8. As at the date of this Supplement to the Second Report, the Receiver has not received any further materials from LTG with respect to the threatened application for leave to

sue the Receiver.

CONCLUSION

9. As the Receiver believes that the allegations raised by LTG are without merit, prolonging the Receivership proceedings will unnecessarily result in a delay in distributing the funds held in trust to RBC. Furthermore, subsequent to provision of the Confidential Report, the Interested Parties did not appeal the SAVO nor raise a timely or substantive objection to the Receiver's discharge. Accordingly, as the Receiver is of the view that it has completed the administration of the receivership proceedings (subject to the payment of funds to RBC), the Receiver believes it is appropriate for the Court to grant an Order authorizing its discharge at this time.

All of which is respectfully submitted at Winnipeg, Manitoba, this 16th day of February, 2021.

DELOITTE RESTRUCTURING INC.

In its capacity as Receiver of 6382330 Manitoba Ltd.,
PGRP Properties Inc., and 6472240 Manitoba Ltd.
and not in its personal capacity.



Per: Brent Warga, CPA, CA, CIRP, LIT
Senior Vice-President

Appendix A – February 11, 2021 Levene Tadman Golub Correspondence



Levene Tadman Golub

LEVENE TADMAN GOLUB LAW CORPORATION

700 - 330 St. Mary Avenue
Winnipeg, Manitoba R3C 3Z5
Phone: 204-957-0520 / Fax: 204-957-1696
Website: www.ltglc.ca

Wayne M. Onchulenko
Reply 204 957-6402
wonchulenko@ltglc.ca
File No. 115444/WMO

February 11, 2021

Via E-mail: ram@tdslaw.com

Thompson Dorfman Sweatman
Barristers and Solicitors
1700 – 242 Hargrave Street
Winnipeg, MB R3C 0V1

Attention: Ross A. McFadyen

Dear Sir:

Re: Royal Bank of Canada v 6382330 Manitoba Ltd. et al.
Manitoba Queen's Bench Winnipeg File No. CI19-01-23329

We write further to the above noted matter. We have received instructions to apply to the court to ask for leave to sue the Receiver. It is our clients' position that Armour Property Management did not properly manage the subject property. Our client will present evidence to court to confirm that the Receiver was warned not to allow Armour to continue to manage the property due to their gross negligence regarding same and yet, the Receiver refused to replace Armour. Our clients' position is that if the property had been managed properly, they would have received a higher amount for the property, and thus would have been able to pay off the debt owing to the Plaintiff bank.

Yours truly,

LEVENE TADMAN GOLUB LAW CORPORATION

Per:

WAYNE M. ONCHULENKO

WMO:ddp

Bar Admissions: Manitoba Ontario and Nunavut

*services provided through Wayne M. Onchulenko Law Corporation