



COURT FILE NUMBER 1801-05767

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF C.K.V. DEVELOPMENTS INC.

DEFENDANTS CENTRO MOTEL INC.

DOCUMENT **THIRD AND FINAL REPORT OF THE COURT APPOINTED RECEIVER OF C.K.V. DEVELOPMENTS INC.**

**DATED OCTOBER 26, 2020**

**PREPARED BY DELOITTE RESTRUCTURING INC.**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Counsel

Dentons Canada LLP  
1500, 850 - 2 Street SW  
Calgary, Alberta T2P 0R8

Attention: David Mann / Afshan Naveed

Telephone: 403-268-7097 / 7015

Receiver

Deloitte Restructuring Inc.  
700, 850 - 2<sup>nd</sup> Street SW  
Calgary, Alberta T2P 0R8

Attention: Robert J. Taylor

Telephone/Facsimile: 403-267-0501 / 403-718-3681  
Email: bobtaylor@deloitte.ca

## TABLE OF CONTENTS

INTRODUCTION.....	1
Purpose.....	1
Terms of Reference.....	2
Currency.....	2
BACKGROUND.....	2
RECEIVER'S ACTIVITIES.....	2
FEES AND DISBURSEMENTS OF THE RECEIVER.....	3
FEES AND DISBURSEMENTS OF LEGAL COUNSEL.....	3
STATEMENT OF RECEIPTS AND DISBURSEMENTS.....	4
REMAINING ACTIVITIES AND DISCHARGE OF RECEIVER.....	4
CONCLUSIONS AND RECOMMENDATIONS.....	4

## **APPENDICES**

Appendix "A"

Statement of Receipts and Disbursements for the period June 4, 2019  
to October 16, 2020

## INTRODUCTION

- 1) On March 12, 2019, the Court of Queen's Bench of Alberta granted a Consent Order (the "**Receivership Order**") appointing a receiver and manager of the lands and premises described as Plan 7545FN, Block 11, Lot 8 to 10 inclusive and the motel assets and business ("**Centro Motel**" or the "**Property**") of C.K.V. Developments Inc. (the "**Debtor**" or "**CKV**"). On June 4, 2019 (the "**Date of Receivership**"), Deloitte Restructuring Inc. (the "**Receiver**") consented to act as receiver and manager of Centro Motel.
- 2) The Receivership Order was granted as a result of an application by Centro Management & Consulting Ltd. ("**Centro Management**"), formerly known as Centro Motel Inc. pursuant to its contractual rights under the seller finance Agreement (the "**Agreement**") dated May 31, 2017.
- 3) Following the issuance of the consent to act, the Receiver issued a statutory Notice and Statement of the Receiver (the "**Notice to Creditors**") pursuant to subsections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (Canada).
- 4) On July 24, 2019, the First Report of the Receiver (the "**First Report**"), along with the confidential supplement to the First Report, was filed in support of the Order pronounced on August 1, 2019 (the "**August 1 Order**"), approving the Sale Process as defined in the First Report, along with the actions of the Receiver.
- 5) On October 23, 2019 the Second Report of the Receiver (the "**Second Report**") along with the confidential supplement to the Second Report, was filed in support of the Orders pronounced on November 1, 2019 (the "**November 1 Order**") and November 15, 2019 (the "**November 15 Order**"), approving the actions of the Receiver and the sale of the Property, respectively.
- 6) The Order, together with related Court documents, the Notice to Creditors, the First Report, the Second Report and this third and final report (the "**Final Report**") have been posted on the Receiver's website (the "**Receiver's Website**") at: <https://www.insolvencies.deloitte.ca/en-ca/Pages/CKV-Developments-Inc.-operating-as-Centro-Motel-.aspx>.
- 7) Unless otherwise provided, all other capitalized terms not defined in this Final Report are as defined in the Receivership Order or the First Report, as the context requires.

### Purpose

- 8) The purpose of this Final Report is to:
  - a) Provide the Court with an update of the Receiver's activities since the date of the Second Report; and
  - b) Respectfully recommend that this Honourable Court:
    - i. Approve the activities of the Receiver as described in this Final Report, including, without limitation, the steps taken by the Receiver pursuant to the Receivership Order;
    - ii. Approve the professional fees and disbursements of the Receiver, including the payment of estimated fees to completion, as set out herein;

- iii. Approve the Receiver's statement of receipts and disbursements (the "**SRD**") for the period June 4, 2019 to October 16, 2020;
- iv. Approve the discharge of the Receiver after disbursements of all funds held and concluding administrative matters; and
- v. Provide such further and other relief that the Court considers just and warranted in the circumstances.

### **Terms of Reference**

- 9) In developing the Final Report, the Receiver has relied upon unaudited financial information prepared by the Debtor's management, the Debtor's books and records and discussions with its management. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information.
- 10) The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of the Final Report. Any use, which any party makes of the Final Report, or any reliance or decision to be made based on the Final Report, is the sole responsibility of such party.

### **Currency**

- 11) All dollar amounts in this Final Report are in Canadian dollars, unless otherwise indicated.

### **BACKGROUND**

- 12) CKV is an Alberta-based corporation owned by Mr. Diego Rossi ("**Rossi**"). CKV operates the Centro Motel pursuant to the Agreement. Rossi advised the Receiver that CKV also operates as a property development company that owns 11 condominium units, which are not subject to these receivership proceedings.
- 13) The Centro Motel is a 31 room "L-shaped" boutique motel located at 4540 16 Avenue NW, Calgary, Alberta.
- 14) Centro Management holds registered security against CKV as it relates to the Centro Motel property. Centro Management is owed approximately \$2.67 million (excluding fees and costs it has incurred in connection with the receivership). Alberta Treasury Branches ("**ATB**") and Mr. David Newsome ("**Newsome**") hold registered security against the Property ranking in priority to Centro Management.

### **RECEIVER'S ACTIVITIES**

- 15) The Receiver has undertaken the following activities since the date of the Second Report:
  - a) Continued operations of Centro Motel until the transition to the new owners was completed;

- b) Assisted the new owners with various operational matters during the transition period;
- c) Completed and delivered the Receiver's Certificate pursuant to the November 15 Order;
- d) Coordinated final payroll, records of employment and T4 slips with respect to Centro Motel employees following the closing of the sale;
- e) Filed post-receivership Goods and Services Tax ("**GST**") returns, remitted payroll source deductions, and corresponded with Canada Revenue Agency ("**CRA**") in respect of the related trust audits and filing requirements.
- f) Corresponded with various parties in respect of the administration of the receivership;
- g) Drafted, reviewed and finalized this Final Report; and
- h) Addressed additional matters as they arose from time to time.

#### **FEES AND DISBURSEMENTS OF THE RECEIVER**

- 16) The Receiver's professional fees are calculated based on hours spent at rates established by each professional based on their qualifications and experience.
- 17) The Receiver's fees and disbursements in relation to the administration of the Receivership up to and including June 25, 2020 total \$159,782 (excluding GST). This total includes interim invoices for \$150,649 (excluding GST), unbilled work in progress totaling \$6,633 (excluding GST) and estimates it will incur approximately \$2,500 (excluding GST) in connection with attending Court to obtaining the Receiver's discharge.
- 18) In the Receiver's opinion, the services rendered in respect of these fees and disbursements have been duly rendered in response to required and necessary duties of the Receiver hereunder and are reasonable in the circumstances. Detailed time records supporting the invoices and unbilled work in progress are available in the office of the Receiver.

#### **FEES AND DISBURSEMENTS OF LEGAL COUNSEL**

- 19) The Receiver's legal counsel's cumulative fees and disbursements on this matter total \$47,159 (excluding GST) to June 25, 2020. Additional legal costs to conclude the receivership are estimated to be no more than \$6,000.
- 20) The accounts of the Receiver's legal counsel are calculated based on hours spent at rates established by each professional based on their qualifications and experience. The Receiver is of the opinion that legal counsel's fees are reasonable and appropriate in the circumstances. Detailed time records supporting the invoices and unbilled work in progress are available in the office of the Receiver's legal counsel.

## **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

- 21) The Receiver has prepared the SRD for the period of June 4, 2019 to October 16, 2020, attached as Appendix "A" which outlines the administration of the receivership.

## **REMAINING ACTIVITIES AND DISCHARGE OF RECEIVER**

- 22) The Receiver has concluded the majority of its administration of the receivership. The remaining tasks to conclude the receivership proceedings are as follows:
- a) Completion of remaining GST tax reporting, and closing of the receivership period tax accounts;
  - b) Settle any remaining estate liabilities and payment of professional fees in the discretion of the Receiver;
  - c) Prepare a final statutory report and file same with the Office of the Superintendent of Bankruptcy in accordance with subsection 246(3) of the Bankruptcy and Insolvency Act; and
  - d) Closing of the Receiver's trust accounts.
- 23) Other than the matters addressed in the Final Report, the Receiver has completed its administration of the estate in accordance with the terms of the Receivership Order and the various other orders rendered by the Court in the course of this proceeding. The Receiver is not aware of its services being required for any further purpose other than as set out herein. Accordingly, the Receiver recommends that it be discharged.

## **CONCLUSIONS AND RECOMMENDATIONS**

- 24) Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the relief detailed in Section 8c) of this Final Report and such further and other relief, as this Honourable Court deems appropriate in the circumstances.

All of which is respectfully submitted at Calgary, Alberta this 26<sup>th</sup> day of October 2020.

### **DELOITTE RESTRUCTURING INC.**

Solely in its capacity as  
Court appointed Receiver of  
The Property (as defined herein)  
and not in its personal or corporate capacity



---

Robert J. Taylor, FCA, FCPA, CIRP, LIT, CFE  
Senior Vice-President

## **APPENDIX "A"**



**C.K.V. Developments Inc. - in Receivership  
Statement of Receipts and Disbursements  
For the period June 4, 2019 to October 16, 2020**

	<u>Notes</u>	
<b>Receipts</b>		
Operating income		409,037
Receiver's Certificate		160,982
Miscellaneous refunds		505
Interest		318
<b>Total receipts</b>		<u><b>570,842</b></u>
<b>Disbursements</b>		
Payroll		159,210
Receiver's fees	<b>1</b>	150,649
Operating expenses	<b>2</b>	87,434
Payment to Centro Management & Consulting Ltd.		51,224
Legal fees	<b>3</b>	47,159
Software and online booking fees		25,033
Property and business taxes		16,380
GST		13,113
Appraisal fee		7,500
Insurance		4,576
Employee expenses		3,700
WEPP priority claim		2,000
Filing fees		70
<b>Total disbursements</b>		<u><b>568,047</b></u>
<b>Estate balance as at October 16, 2020</b>		<u><b>2,794</b></u>
Accrued Receiver's fees	<b>1</b>	9,133
Accrued legal fees	<b>3</b>	6,000
GST on professional fees		757
<b>Estimated Estate deficit</b>		<u><b>(13,096)</b></u>

**Notes**

1. The Receiver's fees and disbursements up to and including October 16, 2019 total approximately \$159,782 (excluding GST). This total includes interim invoices for approximately \$150,649 (excluding GST) and unbilled work in progress totaling \$6,633 (excluding GST) and estimates it will incur approximately \$2,500 (excluding GST) in connection with attending Court to obtaining the Receiver's discharge.
2. Operating expenses incurred during the receivership include, but are not limited to the following: repairs and maintenance, supplies, utilities, commissions, taxes, and license fees.
3. Dentons fees and disbursements up to and including October 16, 2020 total approximately \$53,159 (excluding GST). This total includes interim invoices for legal fees for approximately \$47,159 (excluding GST) and estimates it will incur approximately \$6,000 (excluding GST) in connection with attending Court to obtaining the Receiver's discharge.