

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

GROSVENOR PARK MEDIA FUND L.P.

Plaintiff

- and -

**ARC PRODUCTIONS LTD., ARC HOLDINGS INC., ARC INVESTMENTS LTD.,
ARC/DARK CRYSTAL PRODUCTIONS INC., KICK PRODUCTIONS LTD., IN THE
JUNGLE PRODUCTIONS INC., TF I PRODUCTIONS INC., BL II PRODUCTIONS
INC., ARCADIA PRODUCTIONS LTD., EGGS LTD., PRINCESS PRODUCTIONS
INC., UNDERZOO PRODUCTIONS INC., HOLE IN THE BELLY PRODUCTIONS
LTD., SIR SIMON PRODUCTION LTD., SAMURAI PRODUCTIONS LTD., THOMAS
MURRAY, KALLAN KAGAN and PETER KOZIK**

Defendants

**SIXTEENTH REPORT OF DELOITTE RESTRUCTURING INC.,
RECEIVER OF ARC PRODUCTIONS LTD., ET AL.**
(November 27, 2020)

1. This report is filed by Deloitte Restructuring Inc. (the “Receiver”) in its capacity as receiver of the assets, properties and undertakings of Arc Productions Ltd. and the other corporate Defendants (collectively, “Arc” or the “Company”) and the other Property as defined in the Receivership Order granted by the Honourable Mr. Justice Penny on Wednesday, August 10, 2016 (the “Receivership Order”).
2. The Receiver has prepared this sixteenth report (the “Sixteenth Report”) in its capacity as a Court-appointed officer solely for the purpose outlined herein. Parties using the Sixteenth Report, other than for the purpose outlined herein, are cautioned that it may not

be appropriate for their purposes. Unless otherwise provided, all dollar amounts contained in this Sixteenth Report are expressed in Canadian Dollars. Unless otherwise provided, all other capitalized items not otherwise defined in this Sixteenth Report are as defined in the First through Fifteenth Reports.

C. Purpose of the Report

3. The Receiver has prepared the Sixteenth Report to advise the Court and the Service List of the Receiver's intention to make a further distribution of \$1,000,000 to Grosvenor Park Media Fund L.P ("GP") from available funds on hand, and to report on the source of these funds.

D. April 18, 2017 Distribution Order and Recoveries Subject to Third Party Claims

4. Attached hereto as Appendix "A" is the Distribution Order of the Ontario Superior Court of Justice (Commercial List) dated April 18, 2017 (the "Distribution Order"). Paragraph 4 of the Distribution Order provides that "subject to paragraph 5 of this Order, the Receiver be and is hereby authorized to distribute to GP from time to time all funds coming into its hands, subject to such reserves as the Receiver may deem prudent in the circumstances, up to the amount of \$43,953,400".
5. In accordance with the Distribution Order, the Receiver has made cumulative distributions to GP of \$23,891,807 from tax credit recoveries which were not subject to ownership or security interest claims of parties other than GP.

6. Since the Thirteenth Report, the Receiver has collected tax recoveries of \$1,360,208 related to PSAs between Arc and Third Party Claimants. Paragraph 5 of the Distribution Order states that “any distributions by the Receiver hereunder of proceeds of the realization or collection of tax credits of Arc, where the Receiver has notice of the interests of parties other than GP claiming ownership, security interests, or both in such tax credits or their proceeds, shall only be made upon further Order of the Court on notice to GP and to such other parties”. Accordingly, the Receiver filed its Fifteenth Report to the Court dated April 9, 2020 solely for the purpose of seeking the advice and direction of the Court with respect to the appropriate distribution of tax credits received in respect of the PSAs.
7. On September 25, 2020, the Ontario Superior Court of Justice (Commercial List) issued an order (the “Additional Distribution Order”) with respect to the distribution of tax credits subject to third party claims which is attached hereto as Appendix “B” . Paragraph 1 of the Additional Distribution Order orders and directs that “the Receiver pay to the Secured Lender (GP) all amounts it receives on account of the tax credits, up to a maximum of the amount outstanding pursuant to GP’s credit agreements with ARC”.
8. On October 23, 2020, the Receiver received a notice of appeal from Disney on the Additional Distribution Order (the “Disney NoA”). No appeal of the Additional Distribution Order was filed by any other Third-Party Claimant. Accordingly, it is the Receiver’s intention to defer distribution of tax credits received which are subject to the claim of Disney pending the final disposition of the Disney NoA. All other available

funds on hand will be distributed to GP pursuant to the Distribution Order and the Additional Distribution Order.

9. On this basis, the Receiver has available funds on hand for distribution to GP of \$1,000,000 (the “Eleventh Distribution”). The source of these funds is summarized in the table below:

In the matter of the Receivership of Arc Productions Ltd. Source of funds for the Eleventh Distribution					
Distribution in accordance with the Distribution Order dated April 18, 2017					
<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$</i>	
ARC Productions Ltd.	2013	Lego Marvel	OCASE	198,925	
		Pixie Hollow	OCASE	74,088	
		Oculus	OCASE	23,462	
		Hemlock Grove	OCASE	1,749	
		Lucky 7	OCASE	5,466	
		IMAX: Wonders of the Arctic	OCASE	5,447	
		Somnia	OCASE	8,186	
		Canterville Ghost	OCASE	32,804	
Arcadia Productions Ltd.	2014	Troll Hunters, I	OCASE	10,600	
				360,727	
Distribution in accordance with the Additional Distribution Order dated September 25, 2020					
<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$</i>	<i>Note</i>
ARC Productions Ltd.	2014	Rusty Rivets, I	OCASE	22,804	1
	2015	Rusty Rivets, I	OCASE	384,213	1
	2016	Rusty Rivets, I	OCASE	330,152	1
				737,169	
		Funds available for the Eleventh Distribution, before reserves		1,097,896	
		Reserved and included in holdback for fees, costs, and expenses		<u>(97,896)</u>	
		Funds available for the Eleventh Distribution		1,000,000	
<i>Note:</i>					
1) PSA with Spin Master Riveting Productions Inc.					


10. As noted, the Receiver has distributed \$23,891,807 to GP to date. Following the Eleventh Distribution of \$1,000,000 as notified herein, cumulative distributions to GP will be \$24,891,807. Attached hereto as Appendix “C” is the Receiver’s Statement of Receipts and Disbursements for the period from August 2, 2016 to November 20, 2020

which indicates that there are available funds on hand for a further distribution to GP of \$1,000,000. The Eleventh Distribution does not include \$550,326 related to the BK2BRAC PSA, which is being held subject to the determination of the Disney NoA.

11. Total film tax credits received to November 20, 2020 by the Receiver, net of amounts withheld for various deductions and penalties, are \$26,910,189 and are detailed on the Appendix "D" attached hereto.
12. Except as noted above, the Receiver is not aware of any party who may have a claim to these proceeds in priority to the interests of GP either as an owner or secured creditor. In accordance with the Distribution Order and the Additional Distribution Order, the Receiver has prepared, served and filed this Sixteenth Report to notify the Service List of its intention to make this distribution on December 14, 2020 or immediately thereafter.

All of which is respectfully submitted at Toronto, Ontario this 27th day of November, 2020.

Deloitte Restructuring Inc.,
in its capacity as Court-appointed Receiver of
Arc Productions Ltd. et al and not in its personal capacity

Per: 

Paul M. Casey, CPA, CA, FCIRP, LIT
Senior Vice-President

Appendix “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE

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TUESDAY, THE

JUSTICE NEWBOULD

18TH DAY OF APRIL, 2017



GROSVENOR PARK MEDIA FUND L.P.

Plaintiff

-and-

ARC PRODUCTIONS LTD., ARC HOLDINGS INC., ARC INVESTMENTS LTD., ARC/DARK CRYSTAL PRODUCTIONS INC., KICK PRODUCTIONS LTD., IN THE JUNGLE PRODUCTIONS INC., TF I PRODUCTIONS INC., BL II PRODUCTIONS INC., ARCADIA PRODUCTIONS LTD., EGGS LTD., PRINCESS PRODUCTIONS INC., UNDERZOO PRODUCTIONS INC., HOLE IN THE BELLY PRODUCTIONS LTD., SIR SIMON PRODUCTION LTD., SAMURAI PRODUCTIONS LTD., THOMAS MURRAY, KALLAN KAGAN and PETER KOZIK

Defendants

DISTRIBUTION ORDER

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed Receiver (in such capacity, the "Receiver"), without security, of all the assets, undertakings and properties (collectively, the "Property") of Arc Productions Ltd. and its subsidiaries and affiliates, which consist of the other corporate defendants described in the title of proceedings (collectively, "Arc") for an Order approving the activities of the Receiver since December 5, 2016 as set out in the Fifth Report of the Receiver dated March 27, 2017 (the "Fifth Report"), approving the fees of the Receiver for the period from November 1, 2016 to February 28, 2017 and the fees of the Receiver's legal counsel for the same period, and authorizing the Receiver to make distributions to Grosvenor Park Media Fund, from time to time, subject to the

terms and conditions set out in the herein Order, was heard this day at at 330 University Avenue, Toronto, Ontario.

ON READING the Fifth Report and the affidavits of the Receiver and its counsel as to fees, and on hearing the submissions of counsel for the Receiver and of the Plaintiff, no one else appearing although properly served as appears from the affidavit of Mario Forte, sworn March 23, 2017, filed:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPROVAL OF FEES AND ACTIVITIES

2. **THIS COURT ORDERS** that the activities of the Receiver and its counsel since December 5, 2016, as set out in the Fifth Report, are hereby approved.

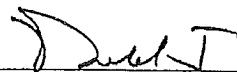
3. **THIS COURT ORDERS** that the fees of the Receiver and its counsel for the period from November 1, 2016 to February 28, 2017, as set out in the Fifth Report, are hereby approved.

DISTRIBUTIONS

4. **THIS COURT ORDERS** that, subject to paragraph 5 of this Order, the Receiver be and is hereby authorized to distribute to Grosvenor Park Media Fund L.P. ("GP") from time to time all funds coming into its hands, subject to such reserves as the Receiver may deem prudent in the circumstances, up to the amount of \$43,953,400, without further Order of this Court.


5. **THIS COURT ORDERS** that, notwithstanding paragraph 4 hereof, any distributions by the Receiver hereunder of proceeds of the realization or collection of tax credits of Arc, where the Receiver has notice of the interests of parties other than GP claiming ownership, security

interests, or both in such tax credits or their proceeds, shall only be made upon further Order of the Court on notice to GP and to such other parties.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

APR 18 2017

PER / PAR: 

GROSVENOR PARK MEDIA FUNDS L.P.
Plaintiff

v

ARC PRODUCTIONS LTD. et al.
Defendants

Commercial List File No. CV-16-11472-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceedings commenced at
Toronto

DISTRIBUTION ORDER

GOLDMAN SLOAN NASH & HABER LLP
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Lawyers for Deloitte Restructuring Inc.

Appendix “B”

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**



THE HONOURABLE)

FRIDAY, THE 25TH

JUSTICE KOEHNEN)

DAY OF SEPTEMBER, 2020

BETWEEN:

GROSVENOR PARK MEDIA FUND L.P.

Plaintiff

- and -

**ARC PRODUCTIONS LTD., ARC HOLDINGS INC., ARC INVESTMENTS LTD.,
ARC/DARK CRYSTAL PRODUCTIONS INC., KICK PRODUCTIONS LTD., IN THE
JUNGLE PRODUCTIONS INC., TF I PRODUCTIONS INC., BL II PRODUCTIONS
INC., ARCADIA PRODUCTIONS LTD., EGGS LTD., PRINCESS PRODUCTIONS
INC., UNDERZOO PRODUCTIONS INC., HOLE IN THE BELLY PRODUCTIONS
LTD., SIR SIMON PRODUCTION LTD., SAMURAI PRODUCTIONS LTD., THOMAS
MURRAY, KALLAN KAGAN and PETER KOZIK**

Defendants

**ORDER
(Tax Credit Motion)**

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**"), without security, of all the assets, undertakings and properties of Arc Productions Ltd. and its subsidiaries and affiliates, which consist of the other corporate defendants described above in the title of proceedings (collectively, "**Arc**"), for advice and directions as to the distribution of certain specific federal and provincial income tax credits (the "**Tax Credits**"), was heard on Thursday, July 23, 2020 at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Donald Starr sworn July 29, 2016, the Notice of Motion of the Receiver dated April 9, 2020, the Fifteenth Report of the Receiver dated April 9, 2020, the Responding Motion Record of BK2BRAC Holdings Inc. ("**Disney**") dated May 21, 2020, the Responding Motion Record of Blazing Productions Ltd. ("**Blazing**") dated June 19, 2020, the Responding Motion Record of Spin Master Ltd. ("**Spin Master**") dated June 19, 2020, and the factums filed by Disney, Spin Master, Blazing and Grosvenor Park Media Fund L.P. (the "**Secured Lender**"), and on hearing the submissions of counsel to the Secured Lender, Blazing, Disney and Spin Master;

1. **THIS COURT ORDERS AND DIRECTS** that the Receiver pay to the Secured Lender all amounts it receives on account of the Tax Credits, up to a maximum of the amount outstanding pursuant to the Secured Lender's credit agreements with Arc, dated December 10, 2015.
2. **THIS COURT ORDERS** that any party seeking costs of this motion may provide written costs submissions by no later than fourteen days of receipt of the Court's Reasons giving rise to this Order, dated September 25, 2020, with any responding costs submissions to be delivered seven days later and any reply costs submissions to be delivered five days after the delivery of the responding costs submissions.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

OCT 29 2020

PER / PAR:



GROSVENOR PARK MEDIA FUND L.P. v. ARC PRODUCTIONS LTD., et al.
Plaintiff Defendants

Court File No. CV-16-11472-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**ORDER
(Tax Credit Motion)**

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Lawyers for Grosvenor Park Media Fund L.P.

Appendix “C”

In the Matter of the Receivership of Arc Productions Ltd. ("Arc")
Statement of Receipts and Disbursements
For the period August 2, 2016 to November 20, 2020

Description	Amount
Receipts	
Cash on hand and sale proceeds	\$ 2,205,620
Film tax credits received to date net of CRA set-off, per "Appendix D"	26,910,189
Total receipts to date	29,115,809
Disbursements	
WEPP payments (Section 81.4 Claims)	1,068,875
Receiver's fees	1,086,279
Receiver's legal counsel fees	229,429
Contract employees and third party professionals	602,985
Operating expenses	226,481
Occupation rent	155,990
Tax credits filing and application fees	82,491
HST paid (received) post-receivership, net of refunds	11,981
Total disbursements to date	3,464,511
Surplus of receipts over disbursements before distributions to secured creditor	\$ 25,651,298
Distributions to Secured Creditor	23,891,807
Excess of Receipts over Disbursements	\$ 1,759,492
Less Accruals:	
Holdback for fees, costs, and expenses	(209,166)
Tax credits re PSA with B2KBRAC Holdings Inc., including accrued interest, net of collection costs	(550,326)
Total Accruals	(759,492)
Net amount available for eleventh distribution	\$ 1,000,000

Appendix “D”

In the matter of the Receivership of Arc Productions Ltd.
Schedule of Film Tax Credits Received
For the period August 2, 2016 to November 20, 2020

<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$ Received</i>	<i>Note</i>	
TF I Productions Inc.	2014	Thomas & Friends 17 & 18	PSTC	75,745		
			OPSTC	242,198		
			OCASE	147,040		
			Thomas & Friends 19	PSTC	360,825	
				OPSTC	1,120,374	
				OCASE	753,684	
			Accrued Interest		49,865	
	2015	Thomas & Friends 19	PSTC	220,077		
			OPSTC	638,483		
			OCASE			
		Thomas & Friends 20	PSTC	348,231		
			OPSTC	874,225		
			OCASE			
			Accrued Interest		18,332	
2016	Thomas & Friends 20	PSTC	237,066			
		OPSTC	612,735			
		OCASE				
	Thomas & Friends 21	PSTC	46,501			
		OPSTC	118,818			
		OCASE				
		Accrued Interest		9,696		
			Entity Total	5,873,896		
Eggs Ltd.	2015	Ice Age Holiday Special	PSTC	45,371		
			OPSTC	118,248		
			OCASE	64,059		
			Accrued Interest	2,491		
			Transitional Grant		122,997	
	2016	Ice Age Easter Television Special	PSTC	268,756		
			OPSTC	652,078		
			OCASE	356,136		
		Accrued Interest		24,292		
			Entity Total	1,654,428		
In the Jungle Productions Inc.	2015	Tarzan and Jane	PSTC	6,647		
			OCASE	7,367		
	2016	Tarzan and Jane	PSTC	250,402		
			OPSTC	610,003		
			OCASE	296,882		
			Accrued Interest		12,947	
			Entity Total	1,184,248		

In the matter of the Receivership of Arc Productions Ltd.
Schedule of Film Tax Credits Received
For the period August 2, 2016 to November 20, 2020

<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$ Received</i>	<i>Note</i>	
ARC Productions Ltd.	2012	Matt Hatter 1	OPSTC	205,902		
		13 Projects	OCASE	980,707		
		Accrued Interest		870		
	2013	Lego Marvel	OCASE	198,925		
		Pixie Hollow	OCASE	74,088		
		Oculus	OCASE	23,462		
		Hemlock Grove	OCASE	1,749		
		Lucky 7	OCASE	5,466		
		IMAX: Wonders of the Arctic	OCASE	5,447		
		Somnia	OCASE	8,186		
		Canterville Ghost	OCASE	32,804		
		Vitaminamulch: Air Spectacular	OCASE	59,608	1	
		The Pirate Fairy	OCASE	95,644	1	
		Meet the Piston Peak Team	OCASE	2,627	1	
		Accrued Interest		46,345		
		2014	Lego Marvel 2	OCASE	3,660	
			Meet the Piston Peak Team, I (1-4)	OCASE	144,967	1
			Rusty Rivets, I	OCASE	22,804	2
	Somnia		PSTC	116,443		
			OPSTC	409,670		
			OCASE	154,786		
	The Pirate Fairy		OCASE	19,990	1	
	There is no place like OZ		OCASE	16,312		
	Tink'n About Animals		OCASE	106,817	1	
	Vitaminamulch: Air Spectacular		OCASE	125,748	1	
	Accrued Interest			47,566		
	2015		Lego Marvel 2	PSTC	117,736	
				OPSTC	363,385	
			OCASE	176,405		
		There is no place like OZ	PSTC	110,279		
			OPSTC	321,675		
		OCASE	170,615			
Rusty Rivets, I		OCASE	384,213	2		
Accrued Interest			65,714			
2016	Rusty Rivets, I	OCASE	330,152	2		
	Accrued Interest		5,581			
			Entity Total	4,956,348		
Princess Productions Inc.	2016	Elena	PSTC	675,086		
			OPSTC	1,336,485		
			OCASE	696,962		
		Accrued Interest		29,189		
			Entity Total	2,737,722		
Kick Productions Ltd.	2016	Kody Kapow	PSTC	120,652		
			OPSTC	278,317		
			OCASE	128,030		
		Accrued Interest		6,508		
			Entity Total	533,507		

In the matter of the Receivership of Arc Productions Ltd.

Schedule of Film Tax Credits Received

For the period August 2, 2016 to November 20, 2020

<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$ Received</i>	<i>Note</i>	
BL II Productions Inc.	2014	Barbie's Life 4	PSTC	182,728		
			OPSTC	483,793		
			OCASE	220,037		
			Barbie's Life 5	PSTC	145,701	
				OPSTC	432,654	
				OCASE	212,337	
			Barbie DVD 2015	PSTC	313,553	
				OPSTC	923,251	
				OCASE	476,774	
			Accrued Interest		68,593	
	2015		Barbie DVD 2015	PSTC	96,418	
				OPSTC	298,828	
				OCASE	153,669	
			Max Steel	PSTC	222,594	
				OPSTC	637,689	
				OCASE	306,810	
			Barbie DVD Floating 2016	PSTC	47,640	
				OPSTC	112,998	
				OCASE	59,862	
			Barbie DVD Fall 2016	PSTC	166,991	
				OPSTC	468,287	
				OCASE	217,264	
			Accrued Interest		32,123	
	2016		Max Steel	PSTC	143,028	
				OPSTC	363,282	
				OCASE	193,478	
			Barbie Floating 2016 DVD	PSTC	1,010	
OPSTC				2,674		
OCASE				1,499		
		Barbie DVD Fall 2016	PSTC	208,114		
			OPSTC	525,056		
			OCASE	272,125		
		Accrued Interest		42,485		
			Entity Total	8,033,346		

In the matter of the Receivership of Arc Productions Ltd.
Schedule of Film Tax Credits Received
For the period August 2, 2016 to November 20, 2020

<i>Entity</i>	<i>Year</i>	<i>Production</i>	<i>Tax Credit</i>	<i>C\$ Received</i>	<i>Note</i>	
Arcadia Productions Ltd.	2014	Troll Hunters, I	OCASE	10,600		
		Accrued Interest		820		
	2015	Troll Hunters, I		PSTC	330,789	
				OPSTC	841,640	
				OCASE	455,438	
		Dragons Race to the Edge, I & II		PSTC	79,794	
				OPSTC	187,495	
				OCASE	104,669	
	2016	Troll Hunters, I		PSTC	161,758	
				OPSTC	427,529	
		Dragons Race to the Edge, I & II		OCASE	243,060	
				PSTC	85,230	
				OPSTC	220,331	
			OCASE	123,777		
		Accrued Interest		45,925		
				Entity Total	3,397,788	
	Tax credits received to date				27,170,322	
PSA with BK2BRAC Holdings Inc.				555,401		
Total Tax Credits Received to Date				27,725,723		
Accrued Interest Received to Date				645,560		
Total processed and received to date				28,371,284		
Tax credit remittance to CRA, February 28, 2018				(11,447)		
CRA set-off for HST owings as at July 31, 2016				(24,843)		
CRA set-off for source deductions and penalties				(1,424,804)		
Net tax credits received to date, November 20, 2020				26,910,189		

Notes:

- 1) PSA with BK2BRAC Holdings Inc.
- 2) PSA with Spin Master Riveting Productions Inc.

GROSVENOR PARK MEDIA FUND L.P.

Plaintiff

And

ARC PRODUCTIONS LTD., et al. Court File No. 16-CV-11472-00CL

Defendants

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

SIXTEENTH REPORT OF THE RECEIVER
(November 27, 2020)
