

COURT FILE NUMBER

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COURT

SUPREME COURT OF BRITISH COLUMBIA

DISTRICT

VANCOUVER

**IN THE MATTER OF THE RECEIVERSHIP OF
GEYSER BRANDS INC.**

BETWEEN:

113 ROYAL INVESTMENTS-LTD.

PETITIONERS

AND:

GEYSER BRANDS INC.,

RESPONDENT

DOCUMENT

**SECOND REPORT OF BDO CANADA LIMITED,
IN ITS CAPACITY AS RECIEVER OF GEYSER
BRANDS INC.**

January 29, 2024

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Farris LLP
700 W Georgia St #2500,
Vancouver, BC V7Y 1B3

Attention: Teyia R.M. Jeffries
Telephone No.: (604) 661-2174
Email: tjeffries@farris.com



IN THE MATTER OF THE RECEIVERSHIP OF
GEYSER BRANDS INC.

SECOND REPORT OF THE RECEIVER
BDO CANADA LIMITED
January 29, 2024

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I. PURPOSE OF THE REPORT

1. The purpose of this report is to:
 - i. Update the Court with respect to the sale of the assets;
 - ii. Request that this Honourable Court approve:
 - a) A distribution to the secured creditor of approximately \$87,000 plus any additional recovery from GST refunds;
 - b) The Receiver's activities and fees incurred to date, plus estimated fees, disbursements and taxes to a maximum of \$10,000 to complete the administration of the receivership.
 - c) The accounts of the Receiver's legal counsel to date plus estimated fees, disbursements and taxes to a maximum of \$11,200 to complete the administration of the receivership; and,
 - d) Discharge the Receiver, subject to the distribution of funds on hand in accordance with an Order of the Court.
2. This is our Second Report to Court and should be read in conjunction with our previous report dated March 22, 2023.

II. BACKGROUND

3. BDO Canada Limited was appointed as Receiver (the "**Receiver**") of the assets, undertakings and properties of Geysler Brands Inc. (the "**Company**") pursuant to an Order made by the Supreme Court of British Columbia on December 16, 2022 (the "**Court Order**"). In conjunction with the Court Order, the Receiver was directed to commence a sales and solicitation process (the "**SISP**"). The terms of the SISP were included as part of the Court Order.
4. In the First Report to Court dated March 22, 2023, the Receiver outlined to the Court the details of the offer received from 113 Royal Investments Ltd. ("**113 Royal**"). This offer was accepted by the Receiver on February 27, 2023.

5. All the Company's assets have been sold as part of the receivership proceedings. The Supreme Court of British Columbia approved the sale of the assets on April 11, 2023, for \$1.3 million, paid by way of (a) forgiveness of any amounts loaned to the Receiver by 113 Royal, and secured by the Receiver's borrowing charge; and (b) a credit bid for the remainder of the \$1.3 million purchase price, offsetting from the amount owing from Geysler to 113 Royal. The total balance owing to the secured creditor is approximately \$538,000 after the credit bid.

III. SUMMARY OF RECEIVER'S ACTIVITIES

6. The Receiver has performed the following since its appointment:
 - i. Performed statutory duties as required pursuant to subsection 245(1) and 246(1) of the Bankruptcy and Insolvency Act (Canada) in relation to creditor and Official Receiver notification;
 - ii. Attended the premises of the Company's operating subsidiary in Port Coquitlam, British Columbia;
 - iii. Terminated the sole employee;
 - iv. Borrowed \$150,000 from 113 Royal, as authorized by paragraph 23 of the Court Order, and secured by the Receiver's Borrowings Charge (as defined in the Receivership Order);
 - v. Obtained and reviewed information to be included in the virtual data room;
 - vi. Carried out a sales process for the assets, as set out in the First Report to Court;
 - vii. Held discussions and correspondence with various prospective purchasers;
 - viii. Held discussions and correspondence with creditors and stakeholders;
 - ix. Held discussions and correspondence with legal counsel;
 - x. Investigated legal actions against the Company and its subsidiaries;
 - xi. Obtained Court approval for the sale of the Company's assets;

- xii. Worked with Canada Revenue Agency ("CRA") to facilitate a payroll trust audit; and,
- xiii. Reviewed and filed employee T4's and ROE's.

IV. DISTRIBUTION TO CREDITORS

7. The Receiver estimates that there will be approximately \$87,000 available for distribution after the payment of all remaining receivership costs and fees, as per the table below. As 113 Royal has a remaining balance owing of approximately \$538,000 after the credit bid, there is no recovery expected for any of the unsecured creditors as summarized below.

As at January 29, 2024	
	\$(000s)
Cash in Receiver's account	108
Less: Estimated costs to completion (1)	(21)
Estimated funds available for distribution	<u>87</u>
Secured creditor claim	
113 Royal Investments	1,838
Less: repaid by way of credit bid	(1,300)
Total remaining claim owing to secured creditor	<u>538</u>
Total shortfall owing to secured creditor	<u>451</u>
Notes:	
(1) Legal fees and Receiver's fees to complete administration.	

8. The Receiver is additionally aware of a GST credit to be claimed relating to the receivership period for approximately \$2,000. The Receiver will file the remaining GST returns before its discharge. In the event that the Receiver is successful in obtaining this credit from CRA, it will be remitted to 113 Royal as there is expected to be a shortfall of approximately \$451,000, excluding this refund as shown in the table above.

9. CRA conducted a payroll trust examination. The Receiver is not aware of any outstanding balance owing to CRA as a result of the examination.
10. Prior to the receivership, the Director of Employment Standards issued a payroll assessment of approximately \$4,000 against Geysler and a related company. Although the assessment related to unpaid wages in the related company, the Director of Employment Standards had deemed Geysler and the related company to be one employer in respect of this assessment pursuant to the *Employment Standards Act*. The Receiver, in discussion with 113 Royal, determined that the claim was acceptable and remitted the \$4,000 to the Director of Employment Standards in full payment of the assessment.
11. At the time the Receiver was appointed, there was only one employee of the Company. This employee had no claim in the receivership.
12. The Company's records indicate there are unsecured creditors with total claims of \$218,030. As stated in the First Report of the Receiver, there is no recovery anticipated for any unsecured creditors.
13. Accordingly, the Receiver respectfully requests that the Court approve a distribution for the remaining funds on hand of approximately \$87,000 to 113 Royal and any GST refund paid to the Receiver in the event that the GST refund is recovered, for a total distribution of approximately \$89,000.

V. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS

14. A summary of the Interim Statement of Receipts and Disbursements of the Receiver for the period December 16, 2022, to January 29, 2024, is summarized below.

Interim Statement of Receipts and Disbursements for the period December 16, 2022 to January 29, 2024	
	\$(000s)
Receipts	
Receiver's borrowings	150
GST refund	55
Cash on hand	11
Interest	3
	219
Disbursements:	
Receiver's fees	72
Legal fees	30
GST paid	5
Payroll (deemed trust claim)	4
	111
Excess receipts over disbursements	108

15. Attached as **Appendix A** is the Interim Statement of Receipts and Disbursements for the period December 16, 2022, to January 29, 2024.

VI. PROFESSIONAL FEES

Summary of Receiver's Fees

16. For the period of October 11, 2022, to November 17, 2023, a summary of the Receiver's fees and disbursements were:

	\$
Fees	65,061
Disbursements	3,314
GST	3,582
Total	71,957

17. The Receiver has paid all its invoices as of the date of this report. Details of the Receiver's fees and invoices are attached as **Appendix B**.

18. Copies of the Receiver's invoices referenced above are provided in Affidavit #2 of Chris Bowra sworn on January 29, 2024

Receiver's Staffing and Hours

19. Chris Bowra had primary responsibility for the work carried out by the Receiver. Where appropriate, this work was delegated to other staff. A summary of the time spent on this assignment by members of BDO Canada Limited for the period October 11, 2022, to November 17, 2023, is summarized below.

Name	Title	Average Hourly Rate (\$)	Hours
Jervis Rodrigues	Partner	660	27.10
Chris Bowra	Vice President	495	51.45
Martin Chan	Manager	400	19.80
Troy Chesley	Senior Analyst	275	56.65
Office Administration		180	2.90
		412	157.90

20. In the Receiver's opinion, the time and disbursements incurred in the course of its duties are:
- i. Comparable to receivership assignments of similar scale and complexity; and,
 - ii. Necessary for the Receiver to fulfil its obligations.
21. The hourly rates charged by the Receiver are:
- i. Consistent with the hourly rates billed by the Receiver on other engagements; and,
 - ii. Consistent with other insolvency firms of comparable size engaged on similar receivership matters to the Receiver's knowledge.
22. The Receiver requests that the Court approve the Receiver's fees incurred to date of \$65,061 and additional fees, costs and taxes to a maximum of \$10,000 to complete the administration of the Receivership.

Summary of Legal Fees

23. The Receiver engaged Farris LLP ("Farris") as its independent legal counsel. The total fees of Farris were \$27,842 and disbursements of \$327 as summarized below.

	\$
Fees	27,842
Disbursements	327
PST	1,966
GST	1,404
Total	31,538

24. Details of Farris' legal fees, disbursements, PST, and GST by invoice is attached as **Appendix C**.
25. The full particulars of Farris' fees and disbursements are outlined in the fee affidavit #1 of Tevia Jeffries sworn on January 29, 2023.
26. The Receiver has reviewed the invoices of Farris and believes them to be proper and reasonable. The legal services provided were necessary for the Receiver to fulfil its obligations.
27. The Receiver requests that the Court summarily approve the legal fees of Farris incurred to date and approve additional fees, disbursements, and taxes for Farris to a maximum of \$11,200 to complete the administration of the receivership.

VII. CONCLUSION AND RECOMMENDATION

Conclusion

28. The Court approved the sale of the assets to 113 Royal on April 11, 2023.
29. The secured creditor will suffer a significant shortfall on their loan. There will be no recovery for unsecured creditors.

Recommendation

30. The Receiver respectfully requests the Court approve:


- i. The payment of the balance of funds to the secured creditor of approximately \$87,000 plus any additional GST refunds received;
- ii. The activities and the accounts of the Receiver and its legal counsel;
- iii. Additional Receiver's fees, disbursements and taxes to a maximum of \$10,000 to complete the administration of the estate;
- iv. Additional fees, disbursements and taxes of the Receiver's legal counsel to a maximum of \$11,200 to complete the administration of the estate; and,
- v. Discharge the Receiver on the terms set out in the proposed form of Discharge Order appended to the Receiver's Notice of Application filed concurrently with this report.

All of which is respectfully submitted this 29th day of January 2024.

BDO Canada Limited

in its capacity as the Receiver of Geysler Brands Inc. and not in its personal or corporate capacity

Per:


Chris Bowra, CPA, CA, CIRP, LIT
Vice President

Appendix A

**Interim Statement of Receipts and Disbursements for the period December 16,
2022 to January 29, 2024**

**In the matter of the receivership of
Geysler Brands Inc.
Interim Statement of Receipts and Disbursements for the
period December 16, 2022 to January 29, 2024**

	\$
Receipts	
Receiver's borrowings	150,000
GST refund	54,932
Cash on hand	6,233
Refunds	5,119
Interest	2,587
	218,871
Disbursements	
Receiver's fees	71,617
Legal fees	30,134
GST paid	4,986
Payroll claim for related company	4,187
Filing Fees	73
Postage	23
	111,020
Excess receipts over disbursements	107,851

Appendix B

Summary of the Receiver's invoices for the period October 11, 2022 to November 17, 2023

In the Matter of the Receivership of
 Geysler Brands Inc.
 Summary of BDO Canada Limited's Invoices
 For the Period October 11, 2022 to November 17, 2023

Period	Invoice	Fees	Disbursements	GST	Total
October 11, 2022 to March 13, 2023	CINV2197386	\$ 46,640.50	\$ 3,291.06	\$ 2,659.82	\$ 52,591.38
March 14, 2023 to November 17, 2023	CINV2485059	\$ 18,420.50	\$ 23.02	\$ 922.18	\$ 19,365.70
Total		\$ 65,061.00	\$ 3,314.08	\$ 3,582.00	\$ 71,957.08

Appendix C

**Summary of Farris LLP's Invoices for the Period December 16, 2022, to May 31,
2023**

In the Matter of the Receivership of
 Geysler Brands Inc.
 Summary of Farris LLP's Invoices
 For the Period November 18, 2022 to May 31, 2023

Period	Invoice	Fees	Disbursements	PST	GST	Total
November 18, 2022 to December 31, 2022	1020729	\$ 2,900.00	\$ 5.40	\$ 203.38	\$ 145.27	\$ 3,254.05
January 1, 2023 to January 31, 2023	1023628	\$ 4,698.00	\$ 7.20	\$ 329.36	\$ 235.26	\$ 5,269.82
February 1, 2023 to February 28, 2023	1025138	\$ 2,901.50	\$ -	\$ 203.11	\$ 145.08	\$ 3,249.69
March 1, 2023 to March 31, 2023	1026947	\$10,005.00	\$ 256.80	\$ 712.13	\$ 508.74	\$ 11,482.67
April 1, 2023 to April 30, 2023	1028201	\$ 6,757.00	\$ 57.30	\$ 477.00	\$ 340.72	\$ 7,632.02
May 1, 2023 to May 31, 2023	1031138	\$ 580.00	\$ -	\$ 40.60	\$ 29.00	\$ 649.60
Total		\$27,841.50	\$ 326.70	\$1,965.58	\$1,404.07	\$ 31,537.85