



No. VLC-S-S-238583  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

**THE TORONTO-DOMINION BANK**

PETITIONER

AND:

**HBJR HOLDINGS LTD.**

RESPONDENT

**IN THE SUPREME COURT OF BRITISH COLUMBIA  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE RECEIVERSHIP OF  
HBJR HOLDINGS LTD.**

**SECOND REPORT OF THE RECEIVER**

**June 10, 2024**

**BDO Canada Limited, Receiver of  
HBJR Holdings Ltd.**

Unit 1100 – 1055 W Georgia Street  
Vancouver, BC V6E 3P3

**SECOND REPORT OF THE RECEIVER  
BDO CANADA LIMITED  
June 10, 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 receivership; and,
  - ii. Request that this Honourable Court approve the:
    - a) Proposed distribution to the secured creditor in order of priority;
    - b) Receiver's activities and fees incurred to date, plus the estimated fees, disbursements and taxes to a maximum of \$10,000 to complete the administration of the receivership;
    - c) Fees of the Receiver's legal counsel to date plus the estimated fees, disbursements and taxes to a maximum of \$10,000 to complete the administration of the receivership; and,
    - d) Discharge of the Receiver, subject to the distribution of funds on hand in accordance with an Order of the Court.
2. This is the Receiver's Second Report to Court and should be read in conjunction with the First Report to Court dated March 28, 2024 (the "**First Report**").
3. In preparing this Second Report and in making recommendations to the Court, the Receiver has been provided with and has relied upon information obtained from discussions with the director of HBJR Holdings Ltd. ("**HBJR**" or the "**Company**") and from a review of the Company's books and records. The Receiver expresses no opinion or other assurance in respect of the accuracy or completeness of such information as is reflected in the Receiver's Reports to the Court.

## II. BACKGROUND

4. BDO Canada Limited was appointed as Receiver (the “**Receiver**”) of the assets, undertakings and properties (the “**Assets**”) of the Company pursuant to an Order made by the Supreme Court of British Columbia on December 21, 2023 (the “**Court Order**”).
5. In the First Report, the Receiver outlined to the Court, among other things, the offers received to purchase the Assets. The Receiver accepted an offer (the “**Asset Purchase Agreement**”) from The SockDoc LLC ( “**SockDoc**” or the “**Purchaser**”) for \$470,000, in addition to a waiver of MAI Fulfilment LLC’s warehouse lien, which would otherwise need to be paid to release the inventory to another purchaser. The value of the waiver of the lien was \$196,207. The Asset Purchase Agreement was approved by the Court on April 9, 2024 and the sale closed on April 22, 2024.
6. The only remaining assets known to the Receiver as of the date of this report is accounts receivable with an estimated value of \$26,000 and a GST refund of \$7,500. The Receiver is using its best efforts to collect the receivable and refund.

## III. SUMMARY OF RECEIVER’S ACTIVITIES

7. Since the date of the Receivership Order, the Receiver’s has completed the following:
  - a) Performed its statutory duties as required pursuant to subsection 245 (1) and 246(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the “**BIA**”) in relation to creditor and Official Receiver notification;
  - b) Froze the Company’s bank accounts;
  - c) Held numerous discussions and correspondence with TD Bank USA to take possession of the Company’s US domiciled bank account;
  - d) Terminated all employees and contractors;

- e) Re-engaged a former employee and contractor to perform specified tasks on a contract basis;
- f) Regularly held discussions with the contractor;
- g) Attended to regular discussions and correspondence with three third party logistics warehouses (“3PL” or collectively the “3PLs”) to provide status updates;
- h) Evaluated options to release inventory held at the 3PLs;
- i) Arranged for an inventory inspection to be performed at one Canadian 3PL;
- j) Continued to fulfill orders out of the US 3PL in order to preserve the value and generate cash flow during the receivership;
- k) Worked with the former principal of the Company to obtain additional information with respect to the Assets of the Company;
- l) Reviewed the Company’s existing insurance coverage and determined the appropriateness thereof;
- m) Held discussions with customers;
- n) Maintained the Company’s intellectual property, including renewing the domain names of the Company’s websites;
- o) Solicited liquidation and going concern offers with respect to the Company’s Assets;
- p) Canvassed competitors, customers and other parties identified by the Receiver to determine the level of interest in purchasing the Assets;
- q) Reviewed offers for the Assets;

- r) Corresponded with Canada Revenue Agency (“**CRA**”) to request and perform a payroll trust examination;
- s) Provided updates to the first secured creditor, TD Bank (“**TD**”);
- t) Sought and obtained an independent opinion confirming the validity and priority of TD Bank’s security from Carol Cash of Gehlen Dabbs Cash LLP;
- u) Prepared two Reports to Court;
- v) Sold the assets of the Company;
- w) Made an interim distribution of funds to the secured creditor; and
- x) Assigned the Company into bankruptcy on April 29, 2024.

#### **IV. DISTRIBUTION TO CREDITORS**

- 8. CRA conducted a payroll trust examination. There was no deemed trust claim.
- 9. TD is owed approximately \$1,500,000 by HBJR secured by way of a general security agreement.
- 10. Subsequent to the Court Order, the Receivables Management Office registered security for unpaid sales tax debt owing to B.C. Finance Ministry, however this debt ranks behind TD.
- 11. The Receiver is not aware of any other claims that may rank in priority to TD.
- 12. The Receiver anticipates receiving an additional \$26,000 in accounts receivable, and \$7,500 in a GST refund.
- 13. The net distribution to the first secured creditor, TD is estimated to be \$427,000 as outlined on the following page.

As at May 24, 2024		(\$000's)
<i>Realization</i>		
Proceeds from sale of Assets		470
Proceeds of sale of inventory		223
Collection of accounts receivable and GST refunds		197
Cash from Company's bank account		78
Interest		2
Less:		
Operating costs and professional fees including unbilled fees		(543)
Net assets available for distribution		<u>427</u>
<i>Estimated distribution to secured creditor (TD)</i>		427
<b>Shortfall to secured creditor</b>		<u><b>1,073</b></u>

14. Given the first secured creditor will suffer a shortfall on its loan, there is no recovery for unsecured creditors.

#### **V. INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

15. A summary of the Interim Statement of Receipts and Disbursements of the Receiver for the period December 21, 2023, to June 10, 2024 is summarized on the following page.

<b>Receipts</b>	<b>\$</b>
Sale of assets	470
Sale of inventory	223
Collection of accounts receivable	164
Cash in bank account	78
Receiver's borrowings	25
Interest	2
GST refunds	1
	<u>963</u>
<b>Disbursements</b>	
Distribution to secured creditor	275
Freight and storage	152
Receiver fees	150
Contractors and wages	90
Legal fees	39
Computer services	36
Repayment of receiver's borrowings	25
Shopify loan repayments	17
Bankruptcy costs	15
GST paid	11
Licensing fee	10
Bank fees	3
Filing and office fees	2
	<u>825</u>
<b>Excess Receipts over Disbursements</b>	<b><u>138</u></b>

16. Attached as **Appendix A** is a copy of the interim Statement of Receipts and Disbursements for the period December 21, 2023, to June 10, 2024.

## VI. PROFESSIONAL FEES

### **Summary of Receiver's Fees**

17. For the period of December 21, 2023, to May 17, 2024, a summary of the Receiver's fees were:

	<b>\$</b>
Fees	150,256
Disbursements	295
GST	7,527
<b>Total</b>	<b><u>158,077</u></b>



18. Attached as **Appendix B** is summary of the Receiver's accounts for the period December 21, 2023, to May 17, 2024. Details of the Receiver's fees and invoices are attached as Exhibit "A" to the 1<sup>st</sup> affidavit of C. Bowra filed in this action.
19. The secured creditor has reviewed and approved the Receiver's invoices.

### **Receiver's Staffing and Hours**

20. 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 beginning from our involvement on December 21, 2023, to May 17, 2024 is summarized below.

Name	Title	Average Hourly Rate (\$)	Hours
J. Rodrigues	Partner	660	8.70
C. Bowra	Vice President	495	142.00
M. Chan	Sr. Manager	400	0.20
T. Chesley	Sr. Analyst	275	250.05
Administration		200	26.90
<b>Total</b>			<b>427.85</b>

21. 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 in order for the Receiver to fulfil its obligations.
22. 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 in the Province of British Columbia.
23. The Receiver requests that the Court approve the Receiver's fees, costs and taxes incurred to date of \$158,077 and additional fees, costs and taxes to a maximum of \$10,000 to complete the administration of the receivership.

#### Summary of Legal Fees

24. The Receiver engaged Owen Bird Law Corporation ("**Owen Bird**") as its independent legal counsel. The total fees of Owen Bird were \$35,888 and disbursements of \$385 as summarized below.

	\$
Fees	35,888
Disbursements	385
PST	2,512
GST	1,806
<b>Total</b>	<b>40,591</b>

25. Attached as **Appendix "C"** is a summary of Owen Bird's invoices for the period January 4, 2024, to June 3, 2024. Details of Owen Bird's fees and invoices are attached as Exhibit "A" to the 1<sup>st</sup> affidavit of Scott Stephens filed in this action.
26. The Receiver has reviewed the invoices of Owen Bird 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 Owen Bird incurred to date and approve additional fees, disbursements, and taxes for Owen Bird to a maximum of \$10,000 to complete the administration of the receivership.

## **VII. CONCLUSION AND RECOMMENDATION**

### **Conclusion**

28. The Court approved the sale of the Assets on April 9, 2024.
29. The sale of the Assets closed on April 22, 2024.
30. There will be approximately \$427,000 available for distribution to the secured creditor, of which \$275,000 has already been paid to TD. This includes an estimated \$26,000 of accounts receivable, and \$7,500 of a GST refund, which will be remitted to the secured creditor, subject to their recovery by the Receiver.
31. The secured creditor will suffer a significant shortfall on their loan. There will be no recovery for unsecured creditors.

### **Recommendation**

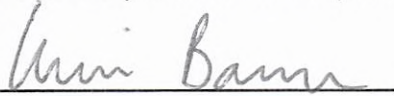
32. The Receiver respectfully requests the Court approve the:
  - i. Payment of the balance of funds to the secured creditor, TD, of approximately \$152,000;
  - ii. Activities and the accounts of the Receiver and its legal counsel;
  - iii. Additional Receiver's fees, disbursements and taxes to a maximum 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 \$10,000 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 10<sup>th</sup> day of June, 2024.

**BDO CANADA LIMITED,**

In its capacity as Court-Appointed Receiver of  
HBJR Holdings Ltd.  
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 21, 2023, to June 10, 2024

In the Matter of the Receivership of  
HBJR HOLDINGS LTD.

Estate No: 11-254594

Receiver's Interim Statement of Receipts and Disbursements  
For the Period December 21, 2023 to June 10, 2024

**Receipts**

	\$
Sale of assets	470,000
Sales	223,310
Collection of accounts receivable	164,262
Cash in bank account	78,235
Advance from secured creditor	25,000
Interest	2,046
GST refunds	1,381
Other refunds	252
	964,486

**Disbursements**

Receiver's fees	150,256
Contractors and wages	84,238
Freight	82,145
Storage	70,000
Legal fees	38,785
Computer services	35,864
Return advance to secured creditor	25,304
Shopify loan repayments	17,230
Bankruptcy costs	15,000
GST paid	11,567
Licensing fee	9,949
Payroll source deductions	5,922
Bank fees	2,949
Newspaper ad, filing fees and postage	1,715
Insurance	273
	551,197

**Excess Receipts over Disbursements** 413,290

Distribution to secured creditor 275,000

**Funds in Receiver's Account** 138,290

## **APPENDIX B**

Summary of the Receiver's invoices  
for the period December 21, 2023, to May 17, 2024

IN THE MATTER OF THE RECEIVERSHIP OF  
HBJR Holdings Ltd.  
Summary of BDO Canada Limited's Invoices  
For the Period December 21, 2023 to May 17, 2024

<b>Period</b>	<b>Invoice</b>	<b>Fees</b>	<b>Disbursements</b>	<b>GST</b>	<b>Total</b>
December 21, 2023 to January 31, 2024	CINV2826066	\$ 89,391.75	\$ -	\$ 4,469.59	\$ 93,861.34
February 1, 2024 to May 17, 2024	CINV2938200	\$ 60,864.00	\$ 295.00	\$ 3,056.95	\$ 64,215.95
		<b>\$ 150,255.75</b>	<b>\$ 295.00</b>	<b>\$ 7,526.54</b>	<b>\$ 158,077.29</b>



## **APPENDIX C**

Summary of Owen Bird Law Corporation's Invoices  
for the period January 4, 2024, to June 3, 2024

IN THE MATTER OF THE RECEIVERSHIP OF  
 HBJR Holdings Ltd.  
 Summary of Owen Bird Law Corporation's Invoices  
 For the Period January 4, 2024 to June 3, 2024

Period	Invoice	Fees	Disbursements	PST	GST	Total
January 4, 2024 to January 31, 2024	8217	\$ 4,235.00	\$ -	\$ 296.45	\$ 211.75	\$ 4,743.20
February 1, 2024 to February 28, 2024	9152	\$ 4,502.00	\$ -	\$ 315.14	\$ 225.10	\$ 5,042.24
March 1, 2024 to March 27, 2024	10225	\$ 10,840.00	\$ 8.50	\$ 758.80	\$ 542.43	\$ 12,149.73
March 27, 2024 to June 3, 2024	12274	\$ 16,310.50	\$ 376.80	\$ 1,141.74	\$ 827.15	\$ 18,656.19
<b>Total</b>		<b>\$ 35,887.50</b>	<b>\$ 385.30</b>	<b>\$ 2,512.13</b>	<b>\$ 1,806.43</b>	<b>\$ 40,591.36</b>