



COURT FILE NUMBER

S230255

COURT

SUPREME COURT OF BRITISH COLUMBIA

DISTRICT

VANCOUVER

**IN THE MATTER OF THE RECEIVERSHIP OF
THE VERY GOOD FOOD COMPANY INC., 1218158
B.C. LTD., 1218169 B.C. LTD., THE CULTURED
NUT INC., THE VERY GOOD BUTCHERS INC.,
LLOYD-JAMES MARKETING GROUP INC., and
VGFC HOLDINGS LLC.**

BETWEEN:

**WAYGAR CAPITAL INC., as agent for NINEPOINT
CANADIAN SENIOR DEBT MASTER FUND L.P.**

PETITIONERS

AND:

**THE VERY GOOD FOOD COMPANY INC., 1218158
B.C. LTD., 1218169 B.C. LTD., THE CULTURED
NUT INC., THE VERY GOOD BUTCHERS INC.,
LLOYD-JAMES MARKETING GROUP INC., and
VGFC HOLDINGS LLC**

RESPONDENT

DOCUMENT

**FIRST REPORT OF BDO CANADA LIMITED, IN
ITS CAPACITY AS RECIEVER OF THE VERY
GOOD FOOD COMPANY INC., 1218158 B.C. LTD.,
1218169 B.C. LTD., THE CULTURED NUT INC.,
THE VERY GOOD BUTCHERS INC., LLOYD-
JAMES MARKETING GROUP INC., and VGFC
HOLDINGS LLC.**

February 9, 2023

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Nathanson, Schachter & Thompson LLP
750 – 900 Howe Street
Vancouver, BC V6Z 2M2

Attention: Peter J. Reardon
Telephone No.: 604-662-8840
Email: preardon@nst.ca

**FIRST REPORT OF THE RECEIVER
BDO CANADA LIMITED
February 9, 2023**

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I. BACKGROUND AND PURPOSE OF THE REPORT

1. BDO Canada Limited was appointed as Receiver-Manager (“**Receiver**”) of the assets, undertakings and properties of The Very Good Food Company Inc., 1218158 B.C. Ltd., 1218169 B.C. Ltd., The Cultured Nut Inc., The Very Good Butchers Inc., Lloyd-James Marketing Group Inc. and VGFC Holdings LLC. (the “**Companies**”) pursuant to an Order made by the Supreme Court of British Columbia dated January 16, 2023 (“**Court Order**”).
2. The Receiver has prepared this report in response to the Notice of Application (“**NOA**”) delivered by Modern Forklift Services Ltd. (“**Modern Forklift**”) on February 3, 2023.

II. CLAIM BY MODERN FORKLIFT

3. The material for the application to appoint the Receiver was delivered to Modern Forklift by legal counsel for the Petitioner on January 12, 2023.
4. A copy of the Court Order was served on Modern Forklift by legal counsel for the Petitioner on January 16, 2023.
5. Modern Forklift is a secured creditor in the receivership by way of security registered over seven pieces of equipment (the “**Equipment**”) leased by the Companies. The Equipment includes:
 - i. Four forklifts;
 - ii. Two electric pallet jacks; and,
 - iii. A scissor jack.
6. On January 17, 2023, a representative of Modern Forklift attended the production facility of the Companies, located in Vancouver, B.C. The representative of Modern Forklift did not present themselves to the Receiver or seek the Receiver’s permission to attend the premises and proceeded to disable the seven pieces of equipment that were subject to their security.

7. The Receiver only became aware of Modern Forklifts actions after Modern Forklift had left the premises and an employee notified the Receiver of their actions.
8. Through the assistance of employees of the Companies, two of the seven pieces of equipment have been unlocked. The remaining five pieces of equipment remain locked and therefore unusable by the Receiver.
9. The Receiver held discussions with a representative of Modern Forklift on January 17, 2023 once they were made aware of the actions taken by Modern Forklift. In this discussion, the Receiver offered that it would pay for the lease payments due under the lease agreement from the date of receivership going forward. Modern Forklift did not agree with this proposed course of action.
10. Modern Forklift proposed a different course of action that was not acceptable to the Receiver.
11. The Companies were approximately 24 months into 36-month lease agreements for each piece of equipment with a zero-dollar buyout option. In other words, the Companies would own the Equipment after making a further 12 monthly payments. The acceptance of Modern Forklift's proposal would prejudice the Receiver and all of the other creditors, while giving a substantial benefit to Modern Forklift.
12. Further offers to pay the lease agreements post receivership on the same terms as the existing lease agreements have been made through the Receiver's legal counsel.
13. On February 3, 2023, Modern Forklift filed an NOA to lift the stay of proceedings under the Court Order.
14. The Receiver opposes the NOA by Modern Forklift as the Receiver believes that it has acted in good faith to come to a fair and equitable agreement with Modern Forklift. The Receiver does not believe Modern Forklift has acted in good faith.
15. The disabling of the Equipment has compromised the ability of the Companies to continue operating and has slowed production.

16. The Receiver is prepared to pay the rent owing under the leases from the date of receivership, however the Receiver does not believe that it should be liable for the rent due on the Equipment for the duration of time that it remains disabled as it has not been able to benefit from its use. The Receiver is prepared to commence making payments on the Equipment that is currently disabled as soon as the Equipment is re-enabled by Modern Forklift.

III. CONCLUSION

17. Modern Forklift disabled the Equipment, which the Receiver believes is in violation of the Court Order.
18. Modern Forklift has not cooperated with the Receiver and has frustrated the process.
19. The Receiver is prepared to pay rent for the Equipment that is operational and for the other Equipment once it is operational.
20. The Receiver believes that allowing Modern Forklift's application to proceed would prejudice the other creditors, at the same time giving a preference to Modern Forklift.
21. If the application of Modern Forklift to lift the stay is dismissed and Modern Forklift does not re-enable the disabled equipment, the Receiver will have to make an application to the Court for an Order compelling Modern Forklift to re-enable the Equipment that is currently disabled.

All of which is respectfully submitted this February 9, 2023.

BDO Canada Limited

in its capacity as the Receiver of The Very Good Food Company Inc., 1218158 B.C. Ltd., 1218169 B.C. Ltd., The Cultured Nut Inc., The Very Good Butchers Inc., Lloyd-James Marketing Group Inc., and VGFC Holdings LLC and not in its personal or corporate capacity

"Chris Bowra" Rick Pearson

Per:

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