

IN THE COURT OF QUEEN'S BENCH OF NEW BRUNSWICK  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL DISTRICT OF EDMUNDSTON

IN THE MATTER OF THE RECEIVERSHIP OF 655873 N.-B. INC. OPERATING AS RIVIÈRE-VERTE RITE STORE., carrying on business at 6 Industrielle Street, in the Village of Rivière-Verte, in the County of Madawaska and Province of New Brunswick;

PURSUANT TO Section 33 of The *Judicature Act*, R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3

BETWEEN:

Royal Bank of Canada, a chartered bank,

APPLICANT

- and -

655873 N.-B. INC, OPERATING AS RIVIÈRE-VERTE RITE STORE,  
carrying on business in the Village of Rivière-Verte and  
Province of New Brunswick

RESPONDENT

Second Report of BDO Canada Limited,  
as Receiver of 655873 N.-B. Inc, operating as Rivière-Verte Rite Store

I, JASON BREEZE, of Halifax, Nova Scotia, say as follows:

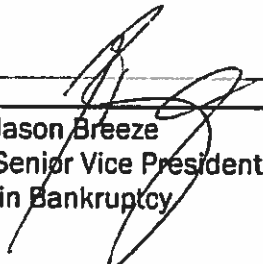
1. I am a Trustee in Bankruptcy and Vice President of BDO Canada Limited ("BDO Canada") Receiver of 655873 N.-B. Inc, operating as Rivière-Verte Rite Store (the "Company"). As such I have personal knowledge of the matters herein, except where otherwise stated.

2. The within report is supplemental to my report dated April 26, 2016, filed with the Court as of May 10, 2016. My report of April 26, 2016, was filed in conjunction with a motion brought by the Royal Bank of Canada to supplement the powers granted to the Receiver by order of this court dated February 11, 2016, a copy of which is appended as Exhibit 1 to my report of April 26, 2016. The motion was originally returnable on May 31, 2016 (the "Receivership Motion").
3. On May 26, 2016, the Receiver's counsel was contacted by Mr. Daniel Johnson, principal shareholder of the Company. Mr. Johnson advised counsel that he had obtained a new lender and that he would be able to refinance his obligation to the Royal Bank of Canada. Attached and marked Exhibit 1 hereto is a copy of an email message from George L. Cooper, counsel to the Receiver, to the Clerk of the Court, dated May 26, 2016, reporting on the efforts Mr. Johnson and the new lender had made and seeking to adjourn the Receivership Motion to allow the refinancing to have the opportunity to be completed.
4. I am informed by Mr. Cooper and believe that on May 31, 2016, by Court Call attendance, Mr. Cooper appeared before this Honourable Court and that the Court adjourned the Receivership Motion, with the concurrence of the Company, to be heard on July 12, 2016.
5. I am informed by Mr. Cooper and believe that during the period May 31, 2016 to July 7, 2016, he had regular contact with Mr. Johnson on behalf of the Company and Mr. Stephane Boudreau, Vice-President of Alternative Mortgage Solutions, on behalf of the alternate lender. As of July 7, 2016, Mr. Cooper wrote to the Clerk of the Court to report on progress and to advise that the parties would require further time to complete the refinancing. Attached and marked Exhibit 2 hereto is a copy of Mr. Cooper's letter to the Clerk dated July 7, 2016.
6. On the basis of Mr. Cooper's letter of July 7, 2016, and with consent and concurrence of the Company, the Receivership Motion was adjourned to August 3, 2016.

7. In the period following July 7, 2016, it has become apparent that despite the efforts of Mr. Johnson and Mr. Boudreau, the expected refinancing will not take place prior to the return date of the Receivership Motion and the Receiver no longer has confidence that the refinancing will occur.
8. I am informed by Mr. Cooper and believe that the refinancing will require a guarantor to assist the Company to secure the financing. I am advised by Mr. Cooper and believe that Mr. Johnson and Mr. Boudreau have both indicated that a suitable guarantor has been located by Mr. Johnson and the guarantor would be acceptable to Mr. Boudreau. Without the guarantor the financing will not proceed but would proceed swiftly if the proposed guarantor would execute the documents required by the lender.
9. I attach and mark as Exhibit 3 a copy of an email string between Mr. Cooper and Mr. Johnson, covering the period July 18 to 22, 2016. As appears from a review of Exhibit 3, Mr. Cooper has attempted to obtain confirmation from Mr. Johnson as to the status of the refinancing and the status of the proposed guarantor.
10. I am informed by Mr. Cooper and believe that in addition to having contact with Mr. Johnson, he has also had numerous telephone contacts with Mr. Boudreau. I am informed by Mr. Cooper and believe that as of July 22, 2016, Mr. Boudreau has confirmed that his company continues to await confirmation that the proposed guarantor will execute the documents required by the lender and that they are otherwise ready to proceed. He has, however, confirmed that the lender will not proceed with the financing without the guarantor and that despite repeated requests from the lender, the Company has not provided satisfactory proof of the guarantor's willingness to proceed.
11. As a result of the foregoing, I am informed by Royal Bank of Canada and believe that it no longer believes a refinancing will occur and it wishes to proceed with the Receivership Motion. As stated in my report of April 26, 2016, BDO Canada consents to act in the capacity set out in the draft order filed in support of the Receivership Motion.

12. I make this Report in good faith, and in connection with the proposed receivership proceedings and for no other purpose.

DATED at Halifax, Nova Scotia, this 25<sup>th</sup> day of July, 2016.

	<b>BDO CANADA LIMITED, in its capacity as Proposed Receiver of 655873 N.-B. Inc., Rivière-Verte Rite Store</b>
	Per:  Name: Jason Breeze Title: Senior Vice President and Trustee in Bankruptcy

**Exhibit 1**

## **Cooper, George L. (Moncton)**

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**From:** Cooper, George L. (Moncton)  
**Sent:** May 26, 2016 6:53 PM  
**To:** 'Cyr, Jean-Francois (JUS)'  
**Cc:** 'Dumont, Sylvie (JUS)'; 'Briand, Susan (JUS)'; Cloutier, Nicole (Moncton) (ncloutier@coxandpalmer.com); 'danjon@nb.sympatico.ca'  
**Subject:** Royal Bank of Canada v. 655873 N-B Inc. Court file no. E-M-2-2016

Dear Mr. Cyr,

As you are aware, this matter is set to come on for hearing on May 31, 2016 at 1:30 pm. Earlier today I was contacted by a private lender, on behalf of 655873 N-B Inc., the Respondent in the above noted matter. I have just now concluded a call directly with the Respondent and have copied him on this email.

The Respondent and the private lender have both indicated that the lender intends to loan the Respondent funds sufficient to repay Royal Bank of Canada, in full. The lender has indicated that it will require a brief length of time to arrange funding but that it is quite advanced in its process. The Respondent has requested that the hearing for May 31, 2016 be adjourned to permit the refinancing to proceed. Royal Bank of Canada and the Receiver are prepared to consent to an adjournment to the next available date for the Court (provided such date would permit at least 20 days for completion of the loan transaction). I would be pleased to discuss dates with you in the morning.

In addition and in the event that the loan transaction does get completed, we would respectfully request that any discharge motion for the Receiver, pursuant to the current Receivership order, be allowed to be done by conference telephone, so that the expense of an in-person attendance can be avoided. Pursuant to the loan agreements in place, such costs would be to the account of the Respondent and if they can be reduced it would be preferable to all concerned. As well, if the parties can attend by conference telephone, it will permit the parties to accurately agree on a precise payout figure for the lender to rely on, rather than a more doubtful estimate of future costs if an in-person attendance is required.

If the refinancing is successful, the discharge motion would, if this is agreeable to the court, proceed on the basis of a brief report to the Court from the receiver advising that Respondent had repaid Royal Bank of Canada in full and that the Receiver seeks to be discharged.

I would be grateful if you could draw the Court's attention to the contents of this email and confirm by return email 1) whether the court will grant the adjournment and 2) whether, in the event of a successful refinancing by the Respondent, the Court would permit the motion to discharge the Receiver to be heard by conference telephone.

Many thanks for your attention to this matter and best regards,

**George L. Cooper | Cox & Palmer | New Brunswick Managing Partner/Associé directeur général du Nouveau-Brunswick**

**Direct/Tél. 506 863 0793 Fax/Télé. 506 856 8150 Web/Site coxandpalmerlaw.com**

**Address/Adresse Blue Cross Centre/Centre de la Croix Bleue Suite/Bureau 500 644, rue Main Street Moncton NB**

**From:** Cooper, George L. (Moncton)  
**Sent:** May 12, 2016 1:21 PM  
**To:** 'Cyr, Jean-Francois (JUS)' <Jean-Francois.Cyr@gnb.ca>  
**Cc:** Dumont, Sylvie (JUS) <Sylvie.Dumont@gnb.ca>; Briand, Susan (JUS) <Susan.Briand@gnb.ca>; Cloutier, Nicole

(Moncton) (ncloutier@coxandpalmer.com) <ncloutier@coxandpalmer.com>  
Subject: RE: Hearing under Bankruptcy and Insolvency Act

Dear Mr. Cyr

Thank you for your note. The date and time are acceptable to me and I thank you for your assistance.

As for the abridgment request, it is part of the model order but I do not foresee needing an abridgment. We will serve the materials as soon as we receive them here.

Many thanks again,

George

From: Cyr, Jean-Francois (JUS) [<mailto:Jean-Francois.Cyr@gnb.ca>]  
Sent: May 12, 2016 12:28 PM  
To: Cooper, George L. (Moncton) <[gcooper@coxandpalmer.com](mailto:gcooper@coxandpalmer.com)>  
Cc: Dumont, Sylvie (JUS) <[Sylvie.Dumont@gnb.ca](mailto:Sylvie.Dumont@gnb.ca)>; Briand, Susan (JUS) <[Susan.Briand@gnb.ca](mailto:Susan.Briand@gnb.ca)>  
Subject: Hearing under Bankruptcy and Insolvency Act

Good afternoon Mr. Cooper,

This is to conform the hearing of the motion seeking appointment of a receiver with powers to take possession of assets of the debtor above has been set for the 31st of May 2016 at 1:30 in the afternoon, before Justice Lucie A. LaVigne. Please reconfirm that date and time is accepted.

*Jean-François Cyr, c.r. / Q.C.*  
Greffier-administrateur / Clerk-Court Administrator  
Circonscription judiciaire d'Edmundston/Judicial District of Edmundston  
Tel: (506) 735-2029  
Fax (506) 737-4419  
[jean-francois.cyr@gnb.ca](mailto:jean-francois.cyr@gnb.ca)



[www.gnb.ca](http://www.gnb.ca)



**Exhibit 2**



July 7, 2016

VIA EMAIL ONLY AT [Jean-Francois.Cyr@cnb.ca](mailto:Jean-Francois.Cyr@cnb.ca)

JEAN-FRANÇOIS CYR  
COURT OF QUEEN'S BENCH  
Judicial District of Edmundston  
Carrefour Assomption  
121 de l'Église Street  
Edmundston, NB E3V 1J9

Dear Mr. Cyr:

**RE: In the matter of the Receivership of 655873 N.-B. Inc., operating as Rivère-Verte Rite Store  
Royal Bank of Canada v. 655873 N.-B. Inc.  
Court File No.: E-M-2-2016  
Our File No.: 50041324-02700**

As you are aware, my firm represents Royal Bank of Canada (the "Bank"), a secured creditor of the above-noted debtor, and also BDO Canada Limited, in its capacity as court-appointed receiver (the "Receiver"). As you are further aware, there is currently a motion scheduled to be heard before the Court on July 12, 2016, seeking augmented powers for the Receiver, including authorization for the Receiver to take possession and control of the assets and undertaking of the debtor. This motion was adjourned from May 31, 2016, at the request of the parties.

As noted during our Court Call attendance on May 31, 2016, the debtor is actively seeking refinancing from a private lender. In order to allow the refinancing negotiations to proceed, the Court adjourned the hearing of the above noted motion from May 31, 2016, to July 12, 2016. On behalf of the bank and the BDO, I can report to the Court that the private lender and the debtor have acted diligently and in good faith to bring the refinancing to a conclusion. These efforts are continuing and the parties are optimistic that a satisfactory resolution can be reached. However, it does not appear that the refinancing will be able to close on or prior to July 12, 2016.

As a result, it is the Receiver's view, concurred in by the Bank and with the consent and full support of the debtor, that the motion currently scheduled for July 12, 2016, should be further adjourned for a period of three weeks (or such date thereafter as the Court may have

**George L. Cooper | New Brunswick Managing Partner**  
Direct 506 863 0793 Main 506 856 9800 Fax 506 856 8150 Email [gcooper@coxandpalmer.com](mailto:gcooper@coxandpalmer.com)  
Blue Cross Centre Suite 500 644 Main Street Moncton NB E1C 1E2

July 7, 2016

In the Interim, should the refinancing fail, I will advise the Court immediately on behalf of the Receiver and the Receiver and the Bank shall take such steps as are prudent and advisable, with the concurrence of the Court. On the other hand and as expected, should the refinancing be completed, the Receiver will provide an additional report to the Court reporting on the conclusion of the refinancing and will seek its discharge from Court. As you will recall from our last attendance, the Court had indicated that in the event of a successful refinancing, the discharge motion could likely be held by Court Call to save expense for the parties.

I would be grateful if you could draw the Court's attention to the contents of this letter and provide guidance to the parties when you have the opportunity.

Yours very truly,



George L. Cooper

GLC

cc Daniel Johnson (via email [danjon@nb.sympatico.ca](mailto:danjon@nb.sympatico.ca))

**Exhibit 3**

## **Cooper, George L. (Moncton)**

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**From:** Cooper, George L. (Moncton)  
**Sent:** July 22, 2016 12:19 PM  
**To:** danjon@nb.sympatico.ca  
**Cc:** Cloutier, Nicole (Moncton)  
**Subject:** Re: Indebtedness of 655873 N-B Inc. and Daniel Johnson to RBC

Daniel,

I have not been able to reach you by phone. I will need to update the court and the bank as to whether the refinancing will proceed. I have sent a note to Stephane asking for an update as well.

We are getting very close to our deadline. I know you have made efforts but unless we have a clear path to closing, I do not see an alternative.

George L. Cooper | Cox & Palmer  
Cell (506) 874.2105

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**From:** Cooper, George L. (Moncton)  
**Sent:** Thursday, July 21, 2016 6:20 PM  
**To:** danjon@nb.sympatico.ca  
**Cc:** Cloutier, Nicole (Moncton)  
**Subject:** Re: Indebtedness of 655873 N-B Inc. and Daniel Johnson to RBC

Daniel,

Thank you for your email. I appreciate the efforts you are making but we now have very little time left before our next court date. I will need confirmation from Stephane that he has everything needed from you and your investor and that he is ready to proceed. Otherwise, we are not further ahead than we were on July 12.

I will contact Stephane as well to see if he has anything to report.

Regards,

George

George L. Cooper | Cox & Palmer  
Cell (506) 874.2105

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**From:** danjon@nb.sympatico.ca  
**Sent:** Thursday, July 21, 2016 10:18 AM  
**To:** Cooper, George L. (Moncton)  
**Cc:** Cloutier, Nicole (Moncton)  
**Subject:** Re: Indebtedness of 655873 N-B Inc. and Daniel Johnson to RBC

Hi Mr Cooper I was in meeting with my investor yesterday and he had from me what he as requested. Just waiting for him to get back to me today. Thank you. All is going in the right direction.

D Johnson

Sent from my BlackBerry 10 smartphone on the Bell network.

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**From:** Cooper, George L. (Moncton)  
**Sent:** Wednesday, July 20, 2016 10:51 AM  
**To:** danjon@nb.sympatico.ca  
**Cc:** Cloutier, Nicole (Moncton)  
**Subject:** RE: Indebtedness of 655873 N-B Inc. and Daniel Johnson to RBC

Daniel

I have spoken to Stephane and I just tried your line as well. Stephane has said that all he needs now from you is confirmation that your guarantor is on board. We are at a critical moment on this. I will need to know asap if this will proceed or not. Please call me to discuss and please provide Stephane with all that he needs.

In the event this is not going to proceed, I will have to advise the court and the bank without delay.

Regards

George

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**From:** Cooper, George L. (Moncton)  
**Sent:** July 19, 2016 12:34 PM  
**To:** 'danjon@nb.sympatico.ca' <danjon@nb.sympatico.ca>  
**Cc:** Cloutier, Nicole (Moncton) <ncloutier@coxandpalmer.com>  
**Subject:** RE: Indebtedness of 655873 N-B Inc. and Daniel Johnson to RBC

Thank you. Please contact me by phone to discuss.

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**From:** [danjon@nb.sympatico.ca](mailto:danjon@nb.sympatico.ca) [<mailto:danjon@nb.sympatico.ca>]  
**Sent:** July 19, 2016 12:32 PM  
**To:** Cooper, George L. (Moncton) <[gcooper@coxandpalmer.com](mailto:gcooper@coxandpalmer.com)>  
**Cc:** Cloutier, Nicole (Moncton) <[ncloutier@coxandpalmer.com](mailto:ncloutier@coxandpalmer.com)>  
**Subject:** Re: Indebtedness of 655873 N-B Inc. and Daniel Johnson to RBC

Hi Mr Cooper I was away with tow truck but as you know I only was able to get from Alternative at 3:37 yesterday afternoon what they finally wants because as you know Stephane change is criteria a few times. Now that I have it in writing I will follow up with him this afternoon or at the latest in the morning. Thank you

D Johnson

Sent from my BlackBerry 10 smartphone on the Bell network.

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**From:** Cooper, George L. (Moncton)  
**Sent:** Tuesday, July 19, 2016 12:09 PM  
**To:** [danjon@nb.sympatico.ca](mailto:danjon@nb.sympatico.ca)  
**Cc:** Cloutier, Nicole (Moncton)  
**Subject:** RE: Indebtedness of 655873 N-B Inc. and Daniel Johnson to RBC

Daniel

I have tried you several times and I believe Stephane is also waiting to hear from you. Since this is a court supervised process, I will need to report any adverse changes to the court. Please contact me immediately to advise of the status.

Best

George

**From:** Cooper, George L. (Moncton)

**Sent:** July 18, 2016 3:15 PM

**To:** 'danjon@nb.sympatico.ca' <[danjon@nb.sympatico.ca](mailto:danjon@nb.sympatico.ca)>

**Cc:** Cloutier, Nicole (Moncton) ([ncloutier@coxandpalmer.com](mailto:ncloutier@coxandpalmer.com)) <[ncloutier@coxandpalmer.com](mailto:ncloutier@coxandpalmer.com)>

**Subject:** Indebtedness of 655873 N-B Inc. and Daniel Johnson to RBC

Daniel

I just tried your line. Would you be able to provide a progress update? I have spoken to Stephane Boudreau earlier today and will need confirmation from you that you will be providing all he needs so that the legal work to payout the bank can commence asap.

Please call me to discuss.

George

**George L. Cooper | Cox & Palmer | New Brunswick Managing Partner/Associé directeur général du Nouveau-Brunswick**

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