

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

IN THE MATTER OF:

An application pursuant to Subsection 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended

BETWEEN:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

NOTICE OF MOTION
(MOTION TO INCREASE RECEIVER'S BORROWING LIMIT AND OTHER RELIEF)
DATE OF HEARING: THE 8TH DAY OF APRIL, 2016 AT 9:00 A.M.
THE HONOURABLE MR. JUSTICE DEWAR

TAYLOR McCAFFREY LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

David R.M. Jackson (204 988-0375)
Fax – 204 957-0945
Client File No. 98665-1 DJAC

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

IN THE MATTER OF:

An application pursuant to Subsection 243(1) of the
Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3,
as amended

B E T W E N:

CAMERON STEPHENS FINANCIAL CORPORATION,

Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

NOTICE OF MOTION

Grant Thornton Limited in its capacity as Court Appointed Receiver and Manager of 5448124 Manitoba Ltd. ("Receiver") will make a motion before the Honourable Mr. Justice Dewar on Friday, the 8th day of April, 2016 at 9:00 o'clock in the forenoon or so soon after that time as the motion can be heard at the Law Courts, 408 York Avenue at Kennedy Street, in the City of Winnipeg.

THE MOTION IS FOR:

1. An Order substantially in the form as attached hereto as Schedule 1 to this Notice of Motion and provides for, *inter alia*:
 - a) An Order validating service of this motion abridging the time period for service, if necessary;

b) The advice and direction of this Honourable Court with respect to the facts and matters as have been disclosed in the Second Report of the Receiver including, *inter alia*:

- i) Approving the Receiver's request to increase the Receiver's borrowing limit under the Amended and Restated Receivership Order from \$250,000.00 to \$458,800.00 (not including capitalized interest and costs) based upon the 2016 budget prepared by ASH Management Group Inc. ("ASH");
- ii) Approving the Loan Agreement between Cameron Stephens Financial Corporation ("CSFC") and the Receiver dated March 9, 2016 ("Loan Agreement");
- iii) Approving the Receiver's interim Statement of Receipts and Disbursements through to February 29, 2016;
- iv) Approving the fees and disbursements of the Receiver and its legal counsel, Taylor McCaffrey LLP, through to February 29, 2016;
- v) Approving the Second Court Report of the Receiver and the conduct and activities described therein;
- vi) Ordering that the Confidential Appendix containing the Loan Agreement be sealed, kept confidential and not form part of the public record until further Order of this Court.

2. Such further and other relief as to this Honourable Court may seem just.

THE GROUNDS FOR THE MOTION ARE:

1. *Corporations Act* s. 95 CCSM c.C225.
2. *Queen's Bench Act* s. 55 CCSM c.280.
3. Queen's Bench Rule 41.05.
4. By Order pronounced October 16, 2015 this Honourable Court issued an Order appointing the Receiver over all of the assets, undertaking and property of 5448124 Manitoba Ltd. ("544") ("Initial Receivership Order").
5. By Order of this Honourable Court pronounced October 27, 2015 the Initial Receivership Order was continued and the Receiver's powers expanded in accordance with the Receiver's First Report dated October 26, 2015 ("Amended and Restated Receivership Order").
6. The Receiver proceeded to carry out its duties and responsibilities in accordance with the Amended and Restated Receivership Order.
7. The Receiver engaged ASH Management Group Inc. ("ASH") to provide management services for 544's property and in particular the 3 storey residential apartment building commonly known as 519 Burnell Street, Winnipeg ("Burnell").
8. After its engagement and inspection of Burnell, ASH determined that there were a number deficiencies and other issues which had to be addressed promptly in order to address the health and safety as well as future marketability of Burnell.
9. The Receiver alerted the Applicant, Cameron Stephens Financial Corporation ("CSFC") for its input as well as to attend financing under the Receiver's

existing borrowing powers to cover the initial cash outlays required by the Receiver to fund expenditures.

10. The Receiver also requested that ASH prepare an operational and priority repair budget for 2016 so as to determine initial funding requirements and the expenses of the building until such time as the operations could sustain itself.

11. ASH prepared the budget which provides for the estimated ongoing day to day cost to operate the building along with the cost marked as priority repairs. The Receiver has taken the budget and included the costs of the Receiver and its counsel to date along with estimated costs for the balance of 2016. From this budget it is evident that the Receiver's current borrowing limit of \$250,000.00 is insufficient to meet all necessary expenditures until the operation can sustain itself. The Receiver recommends the borrowing limit to be increased from \$250,000.00 to \$458,800.00 (not including capitalized interest and costs) to avoid the costs of further Court attendances unless there is a material deviation for budget.

12. CSFC has agreed to loan up to \$458,800.00 (not including capitalized interest and costs) to the Receiver.

13. CSFC advanced \$250,000.00 to the Receiver on March 14, 2016 and has agreed to advance further funds up to \$458,800.00 (not including capitalized interest and costs) in total in accordance with the Loan Agreement provided that this Honourable Court increases the borrowing limit as requested.

14. It is reasonable for the Receiver to enter into the Loan Agreement on the terms and conditions therein and while it is just and appropriate for the Receiver to disclose the Loan Agreement to the Court its public disclosure could be prejudicial to the

Receiver's position in the event that a new lender is required to fund additional borrowings under the Receiver charge.

15. The Receiver and its legal counsel have provided interim accounts for fees and disbursements for which it is appropriate for this Court to approve at this time.

16. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT
THE HEARING OF THE MOTION:

1. The pleadings and proceedings filed herein.
2. The First Report to the Court of Grant Thornton Limited dated October 26, 2015.
3. The Second Report to the Court of Grant Thornton Limited dated April 1, 2016 and the Confidential Appendix thereto.
4. Such further and other evidence as counsel may advise and this Honourable Court may permit.

April 4, 2016

TAYLOR McCaffrey LLP

Barristers & Solicitors
9th Floor – 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

David R.M. Jackson
988-0375

TO: SERVICE LIST
(attached)

**THE QUEEN'S BENCH
Winnipeg Centre**

**IN THE MATTER OF: THE APPOINTMENT OF A RECEIVER PURSUANT TO
SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY*
ACT R.S.C. 1985, c. B-3 AS AMENDED**

BETWEEN:

CAMERON STEPHENS FINANCIAL CORPORATION

Applicant

-and-

5448124 MANITOBA LTD.

Respondent

**SERVICE LIST AS AT
March 31, 2016**

TAYLOR McCaffrey LLP
Barristers and Solicitors
9th Floor - 400 St. Mary Avenue
Winnipeg, Manitoba
R3C 4K5

David R.M. Jackson (988-0375)
Fax - 957-0945
Client File No. 98665-1 DJAC

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Winnipeg Centre**

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SECTION 243 OF THE *BANKRUPTCY AND INSOLVENCY*
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BETWEEN:

CAMERON STEPHENS FINANCIAL CORPORATION

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5448124 MANITOBA LTD.

Respondent

SERVICE LIST

<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
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<i>Party/Counsel</i>	<i>Telephone</i>	<i>Facsimile</i>	<i>Party Represented</i>
5448124 MANITOBA LTD. 910-388 Portage Avenue, Winnipeg, MB, R3C 0C8 E-Mail: russknight51@gmail.com			Debtor (Respondent)
RUSSELL KNIGHT 624 Fairmont Road Winnipeg, MB R3R 1B1 E-Mail: russknight51@gmail.com			Director of the Respondent
SUSANNAH SIMES 624 Fairmont Road Winnipeg, MB R3R 1B1 E-Mail: russknight51@gmail.com			Director of the Respondent
CAMERON STEPHENS MORTGAGE CAPITAL LTD. 25 Adelaide Street East Suite 600 Toronto, Ontario M5C 3A1 JERRY MARRIOTT E-Mail: Jerry.marriott@gmail.com			Secured Creditor
RESIDENTIAL TENANCIES BOARD 302-254 Edmonton Street, Winnipeg, MB R3C 3Y4 JANET HALLDORSON E-Mail: Janet.Halldorson@gov.mb.ca	204-945-2476 204-945-5722	204-945-6273	

SCHEDULE 1

File No. CI 15-01-97928

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

IN THE MATTER OF:

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ORDER

(MOTION TO INCREASE RECEIVER'S BORROWING LIMIT AND OTHER RELIEF)

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David R.M. Jackson (204 988-0375)

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Client File No. 98665-1 DJAC

**THE QUEEN'S BENCH
WINNIPEG CENTRE**

THE HONOURABLE	)	
	)	The 8th day of April, 2016
MR. JUSTICE DEWAR	)	

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Applicant,

- and -

5448124 MANITOBA LTD.,

Respondent.

ORDER

THIS MOTION made by Grant Thornton Limited, in its capacity as Receiver, was heard this day at Winnipeg.

ON READING the First Report of the Receiver dated October 26, 2015 ("First Report"), the Second Report of the Receiver dated April 1, 2016 ("Second Report"), the Confidential Appendix to the Second Report ("Confidential Appendix") and on hearing the submissions of counsel for the Receiver and the Applicant, no one appearing for any other party though duly served as appears from the Affidavit of Service sworn _____:

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

2. THIS COURT ORDERS that the Amended and Restated Order entered October 27, 2015 appointing the Receiver over 5448124 Manitoba Ltd. ("544") ("Receivership Order") be varied in paragraph 21 thereof by increasing the borrowing limit set out therein from \$250,000.00 to \$458,800.00 (not including capitalized interest and costs).

3. THIS COURT ORDERS that the Confidential Appendix to the Second Report be sealed, kept confidential and not form part of the public record and shall remain stored electronically with this Court on an encrypted basis limiting access to only the Registrar of this Court and the presiding Judge and shall only be made accessible or form part of the public record upon further Order of this Court.

4. THIS COURT APPROVES the Loan Agreement contained in the Confidential Appendix.

5. THIS COURT APPROVES the Receiver's Interim Statement of Receipts and Disbursements up to February 29, 2016 as attached to its Second Report as Appendix

7.

6. THIS COURT APPROVES the fees and disbursements of the Receiver and its legal counsel, Taylor McCaffrey LLP up to February 29, 2016, as attached to the Second Report as Appendices 8 and 9 thereof.

7. THIS COURT ORDERS that the Second Report and the Receiver's activities described therein are hereby approved.

April , 2016

J.