

IN THE MATTER OF The Receivership of
Chester Basin Seafood Group Inc. pursuant
to Section 243(1) of the Bankruptcy and
Insolvency Act, RSC 1985, c B-3, as
amended, and 43(9) of the Judicature Act,
R.S.N.S. 1989, c. 240.

**SUPPLEMENT TO FIRST REPORT OF GRANT THORNTON LIMITED
IN ITS CAPACITY AS COURT APPOINTED RECEIVER
PURSUANT TO SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*
OF CHESTER BASIN SEAFOOD GROUP INC.**

Hfx. 530600

July 26, 2024



Grant Thornton

**Grant Thornton Limited,
Court Appointed Receiver**

1675 Grafton Street, Suite 1000,
Halifax, Nova Scotia
B3J 0E9

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Terms of Reference

1. This Supplemental Report should be read in conjunction with the Receiver's First Report, including the terms of reference paragraphs noted therein. Terms not defined within this Supplemental Report have the meaning as set out in the Receiver's First Report and the Receiver's application materials, unless otherwise noted.

Purpose of this Supplemental Report

2. The Receiver has prepared this supplement to the Receiver's First Report to the Court ("**Supplemental Report**") to respond to correspondence from counsel to the Intended Applicants in the Directors Action, as defined in the First Report, sent to the Receiver on July 25th, 2024 and attached at **Appendix "A"** related to the Receiver's upcoming motion on July 30th, 2024.

Response to Counsel for the Intended Applicants in the Directions Action

3. The Receiver outlined in paragraphs 29-34 its understanding of the Directors Action, including its correspondence to counsel for Jacques Chabot ("**Chabot**") and Herbert Breau ("**Breau**") in their capacity as Directors of CBSG, Directors of Newbec Capital Laurentian Inc. ("**Newbec**"), majority shareholders of the Company's sole shareholder, Sustainable Oceans Capital Inc. ("**SOC**"), and in their capacity as creditor of the Company via Securi Interional Inc. ("**Securi**", and together, the "**Intended Applicants**") in respect of a Notice of Intention to Apply for Leave to Commence Derivative Action on behalf of CBSG and SOC.
4. On July 25th, counsel for the Intended Applicants wrote to this Honourable Court (attached at Appendix "A") requesting an adjournment of the Receiver's Motion scheduled to be heard on July 30th, 2024 ("**Adjournment Request**"). The Receiver's understanding of the Intended Applicants reasons for the Adjournment request, and the Receiver's comments thereon, are noted below.

Counsel for the Intended Applicants was served with notice on of the Receiver's Motion on July 17, 2024, when counsel for the Intended Applicants was out of the Country:

- (a) The Receiver highlighted in its First Report correspondence as between the Receiver and counsel for the Intended Applicants, and the Receiver's understanding of the Directors Action.
- i. The Receiver, its counsel, and counsel for the Intended Applicants held a phone call on April 29th, 2024 to discuss the Directors Action, wherein the Receiver advised counsel to the Intended Applicants that the Receiver was negotiating a transaction for all of the Company's property at that time and intended to seek Court approval of same in the near term.
 - ii. Counsel for the Intended Applicants requested whether the Receiver would consent to a partial lifting of the stay such that the Intended Applicants could file the Directors Action in Nova Scotia. The Receiver's reply to the Intended Applicants on April 30th, attached as **Appendix "B"**, confirmed (i) the Receiver would first need to see the application that [the Intended Applicants] intend to file to confirm whether [the Receiver] would consent, or take no position, to a partial lifting of the stay and (ii) it is the Receiver's intention to move forward expeditiously in the Receivership Proceedings and proceed to discharge upon a transaction being closed, should the Court approve it.
- (b) Attached at **Appendix "C"** is an affidavit from the Receiver's office confirming that the Receiver's First Report was sent to all known creditors of the Company, including unsecured creditors, Breau and Securi, by ordinary mail on June 28th, 2024.
- (c) Attached at **Appendix "D"** is correspondence from counsel to the Intended Applicants of July 9th, 2024, confirming that counsel for the Intended Applicants had read the Receiver's First Report and were requesting further information thereto, including the Confidential Supplement. The Receiver's reply correspondence, attached at **Appendix "E"**, advised counsel for the Intended Applicants *"Please let us know if you have any other questions in respect of the Receiver's upcoming motion to which we may be able to assist with. We are currently targeting the last date of July to be in Court, but will ensure you are served with same once the date is confirmed."*

Counsel for the Intended Applicants wish to cross examine the Receiver's counsel on its affidavit sworn July 5, 2024;

- (d) The Receiver understands that its counsel will speak to this directly at the hearing on July 30th, if requested.

The Intended Applicants are concerned that, because a sales process was not facilitated by the Receiver, the Receiver may not be getting the best price for the Company's assets;

- (e) The Receiver's First Report and Confidential Supplement thoroughly canvass this issue. The Receiver's view on this point has not changed.

- (f) The Receiver notes that Breau, as director of CBSG, spent several months during the Company's NOI Proceedings attempting to advance a proposal or transaction for the Company's assets. Ultimately, no transaction or proposal was brought forward for the Proposal Trustee or the creditors consideration prior to the Company being deemed bankrupt.

Counsel for the Receiver and counsel for the Intended Applicants had not connected on the Receiver's motion until recently, leaving insufficient time for the Intended Applicants to discuss their hesitation to the Receiver's Motion, process the information and obtain further advice (financial and legal) on the sale of the assets;

- (g) The Receiver as an officer of this Court has made itself available, and reiterated in its response of July 9th to counsel for the Intended Applicants to reach out if they had any questions.

- (h) The Receiver understands that counsel for the intended applicants requested a call with counsel to the Receiver on July 23rd, and that the parties agreed to have a conference call on July 26th. The Receiver notes that the Adjournment Request is dated July 25th, at which time counsel for the Intended Applicants still had not reached out to the Receiver directly to discuss any issues, despite corresponding directly with the Receiver previously, including its letter of July 9th, 2024 at Appendix "D".

Conclusion

5. The Receiver maintains the view that the Directors Action and Notice of Intention to Apply for Leave to Commence Derivative Action should not impede or delay the 451 Transaction, and the Receiver is therefore opposing the Adjournment Request. The Receiver's mandate, pursuant to the Receivership Order, includes the liquidation of the Company's assets to maximize value for stakeholders, subject to the supervision and approval of the

Court. The Receiver is of the view that the Directors Action is a collateral proceeding and should not impede or deter the Receiver from fulfilling its mandate.

6. After a conference call with counsel to the Intended Applicants on July 26th, the Receiver understands that counsel for the Intended Applicants may request the Receiver to consider language in the proposed sale approval and vesting order as regards the Directors Action. The Receiver has confirmed it will review any proposed language along with affected stakeholders and confirm its position prior to the hearing on July 30th.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 26th day of July, 2024.

GRANT THORNTON LIMITED,

In its capacity as Court Appointed Receiver of
Chester Basin Seafood Group Inc.,
And not in its personal or corporate capacity.

A handwritten signature in black ink, appearing to read 'L. Murphy', written in a cursive style.

Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

Appendix A

Correspondence from Intended Applicants, dated July 25, 2024

BY EMAIL

July 25, 2024

Our File No.: 2024 259

E-mail Address: jflalonde@viceandhunter.ca

Halifax Supreme Court of Nova Scotia

1815 Upper Water St.

Halifax, NS B3J 1S7

Attention: Justice Darlene Jamieson (or presiding Judge)

**Re: 4519497 Nova Scotia Limited v Grant Thornton Limited in its capacity as Trustee in Bankruptcy for Chester Basin Seafood Group Inc.
Hfx No. 530600**

We are the lawyers for Herb Breau, Jacques Chabot and Sustainable Oceans Capital Inc. who are all interested parties in this proceeding.

The aforementioned parties are the majority shareholders and directors of Chester Basin Seafood Group Inc. ("CBSG"). Mr. Breau and Mr. Chabot are also creditors of CBSG pursuant to various lending agreements.

There is a motion scheduled for July 30, 2024 whereby Grant Thornton Limited ("Grant Thornton") is seeking an approval and vesting order (the "Order") to approve a sale of certain assets of CBSG (the Asset Sale").

Our clients are seeking an adjournment of the matter for the following reasons:

- 1) My office was served with the Notice of Motion and corresponding material on July 17, 2024, while I was out of the country on vacation;
- 2) We intend to cross-examine Mr. Joshua Santimaw, lawyer for the Receiver, Grant Thornton Limited, on his Affidavit sworn July 5, 2024;
- 3) Our clients, in their capacity as creditors, have concern with how quickly this process is progressing and need more time to understand the implications of the Asset Sale. This matter has not entered into the Sales and Investment Solicitation Process ("SISP"). Due to the assets not being available on the open market, my clients are concerned they are not getting the best prices for CBSG's assets.
- 4) The parties will likely need more than the 30 minutes that have been allocated by the Receiver's counsel to hear all submissions given the breadth of the information presented and our client's concerns;



- 5) Receiver's counsel was away until July 24, 2024 and we have been unable to connect to discuss our hesitation to the Order. A discussion with the Receiver is now scheduled in the coming days but will leave very little time for our clients to process the information and obtain further advice (financial and legal) on the sale of the assets; and
- 6) Although the Receiver and the Receiver's counsel have connected with our office about our client's derivative action in the past, there has been no consultation with our clients as to the sale process involving 4519497 Nova Scotia Limited.

My clients are therefore requesting that the motion on July 30, 2024, be adjourned to a mutually agreeable date.

Should you require anything further from our office, please contact the undersigned at your earliest convenience.

Thank you for your assistance in this matter.

Yours very truly,

VICE & HUNTER LLP

Per:

J.F. LALONDE

JFL/hs

cc. Joshua Santimaw, counsel for Grant Thornton Limited

Appendix B

Receiver's Correspondence to Intended Applicants- April 30, 2024

Murphy, Liam

From: Murphy, Liam
Sent: April 30, 2024 8:56 AM
To: 'JF Lalonde'; Joshua Santimaw
Cc: Matthew Joseph; Andrew Donaldson; Charles-Antoine Godin
Subject: RE: CBSG Derivative Action and Lift of Stay

Thank you JF.

The Receiver would first need to see the application that you intend to file to confirm whether it would consent, or take no position, to a partial lifting of the stay. In most circumstances, a partial lifting of the stay is consented to by a Receiver/Trustee to allow a party to file documentation to secure a lien, or something similar, and the party then will not take steps to enforce the lien while the proceedings are ongoing. We need to understand what your intention on a "partial" lifting is here, and ensure it does not conflict with the Receiver's role in these proceedings.

For certainty, it is the Receiver's intention to move forward expeditiously in the Receivership Proceedings and proceed to discharge upon a transaction being closed, should the Court approve it. If all goes well, that could be this summer.

Thanks
Liam

Liam Murphy, CPA, CA, CIRP, LIT | Partner
Grant Thornton LLP
1675 Grafton St | Halifax | NS B3J 0E9
T +1 902 429 5435
E Liam.Murphy@ca.gt.com | W <http://www.grantthornton.ca/>



Grant Thornton LLP is proud to be recognized as one of Canada's best workplaces for our seventeenth consecutive year!

From: JF Lalonde <jflalonde@viceandhunter.ca>
Sent: Tuesday, April 30, 2024 8:46 AM
To: Murphy, Liam <Liam.Murphy@ca.gt.com>; Joshua Santimaw <JSantimaw@boyneclarke.ca>
Cc: Matthew Joseph <matthew@arbiqueahde.com>; Andrew Donaldson <adonaldson@viceandhunter.ca>; Charles-Antoine Godin <cgod027@uottawa.ca>
Subject: CBSG Derivative Action and Lift of Stay

CAUTION: EXTERNAL EMAIL. DO NOT CLICK ON LINKS OR OPEN ATTACHMENTS YOU DO NOT TRUST
DO NOT ENTER YOUR GT PASSWORD ON ANY EXTERNAL EMAIL REQUEST

Good morning,

As discussed yesterday, it is our client's intention to:

1. Bring an application for leave for derivative action of CBSG;
2. Lift the stay of proceedings under the BIA if needed.

I understood that GT may consider consenting to a partial lift of the stay and will not oppose CBSG application for leave for derivative action if:

1. No relief is being sought by CBSG against GT;
2. If the application for derivative action is brought in NS.

I have confirmed in writing and again yesterday that the only relief that is being sought by my clients, and eventually CBSG, is the relief claimed in the Ontario statement of claim.

Can you please confirm that GT will consent to a partial lift of the stay and will not oppose CBSG application for leave for derivative action given the reassurance that we have provided?

I need this in writing because it will affect the advice that I am giving to our client. Initially, we were bringing the application for leave for derivative in Ontario. But if I get these confirmations, I may then advise my clients to bring it in NS.

I look forward to hearing from you.

JF



J.F. Lalonde, Partner

Vice & Hunter LLP  

T 613-232-5773 ext. 235 | F 613-232-3509

E-mail jflalonde@viceandhunter.ca

85 Plymouth Street, Suite 101, Ottawa, ON, K1S 3E2

Appendix C

Affidavit Confirming Service, June 28, 2024

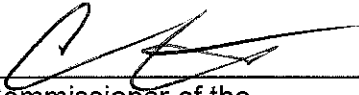
District of Nova Scotia
Division No 1 Halifax
Court No 45611
Chester Basin Seafood Group Inc

AFFIDAVIT OF MAILING
In the Matter of the Receivership of:
Chester Basin Seafood Group.
(the "Company")

I, Sithara Santwan, of the Trustees office, Grant Thornton Limited, hereby make oath and say:

THAT on the 28th day of June 2024, I did cause to be sent a notice in the prescribed form the Cover Letter and the First Report of the Receiver, to all known creditors in the attached Schedule A via ordinary mail.

SWORN TO at the City of Halifax
in the Province of Nova Scotia
this 28 day of June 2024


A Commissioner of the
Supreme Court of Nova Scotia


Sithara Santwan
Phone: (902) 420-7171
Fax: (902) 420-1068

Corey Hines
A Commissioner of the
Supreme Court of Nova Scotia
Expiry: October 13, 2026

Schedule A

Herbert Breau
182 River Lane
Ottawa ON K1M 1T1

4519497 Nova Scotia Limited
c/o McInnes Cooper LLP
1300-1969 Upper Water Street
Halifax NS B3J 2V1

A.F. Theriault & Son Limited
1 d'Entremont Road, P.O. Box 10
Meteghan River NS B0W 2L0

Amsterdam Products Ltd.
2 Montreal Road
Cornwall ON K6H 6L4

AN Deringer (USD)
PO Box 11349, Succursale Centre-Ville
Montreal, QC H3C5H1

Angad Deep Singh
113 A Alexandria Avenue
Bridgewater NS B4V 1H5

Antares Computers Limited
740 King Street, Unit 1
Bridgewater, NS B4V1B4

Atlantic Carrier
260 Frenette Avenue
Moncton NB E1H0E2

Bakers Point Fisheries Ltd.
33 Baker's Point Road
East Jeddore NS B0J2L0

Bank of Nova Scotia
10 Wright Boulevard
Stratford ON N5A 7X9

Barrington Catch Monitoring Ce
PO Box 293
Barrington Passage NS B0W1G0

Bell Aliant - Residential - (NB, NS, PE,
NL)
71 Belvedere Ave
Charlottetown PE C1A 9K5

Bell Mobility
PO Box 5102
Burlington ON L7R4R7

BMO Financial Group c/o
BankruptcyHighway.com
Mike Timko
PO Box 57100
Etobicoke ON M8Y 3Y2

BMW Canada Inc.
Financial Services Department
50 Ultimate Drive
Richmond Hill ON L4S 0C8

Bookco Virtual Accounting Inc.
PO Box 716
Mahone Bay NS B0J2E0

Breaking Waves
7 Brunello Boulevard
Timberlea NS B3T 0J6

C & H Joint Catch Seafood Ltd.
21 Atlantic View Dr
Sambro NS B3V1L2

Comeau's Sea Foods Limited
PO Box 7, Suite 9
Lower East Pubnico NS B0W2A0

CRA - Tax - Atlantic
Shawinigan-Sud National Verification
and Collection Centre
4695 Shawinigan-Sud Blvd
Shawinigan-sud QC G9P 5H9

Culligan Water Store
540 Logan Road
Wileville NS B4V 9C7

Cummins Canada ULC
50 Simmonds Drive
Dartmouth NS B3B1R3

CWB National Leasing Inc./ (formerly
National Leasing Group Inc)
Bankruptcy Designate
1525 Buffalo Pl
Winnipeg MB R3T 1L9

East Coast Mobile Medical Inc
101 Ilsley Ave, Suite 1
Dartmouth NS B3B1S8

Eastern Office Supplies Ltd.
136 Logan Road
Bridgewater NS B4V3J8

Employees - Various

Eric O'Grady
23 Braeside Court
Dartmouth NS B2X 3M9

Fisheries and Oceans Canada
280 Logan Road, P.O. Box 2500
Bridgewater NS B4V 3X1

Fleetworx, Inc.
64 Minas Warehouse Road
New Minas NS B4N 5G3

Forward Focus Consulting
46 Pintail Lane
Timberlea NS B3T 0E8

Gerhardt's Fleet Tech Service
15321 Hwy 3
Hebville NS B4V 6X4

Global Star Canada
PO Box 8013, Postal Stn 'A'
Toronto ON M5W3W5

Golden Sea Products (1997) Ltd
242 Demont Rd
Chester Basin NS B0J1K0

Goods Logistics Inc
PO Box 23105 Elmwood
Moncton NB

Harbour Authority of Sambro
22 Fir Grove Drive Halifax
East Pennant NS B3V 1L8

hatts mobile wash
6310 HWY 3
Hunts Point NS B0T 1G0

Hebville Holdings
15813 Hwy 3
Hebville NS B4V 6X9

Hyway Services (1997) Limited
2354 Rocky Lake Road, Unit 1
Waverley NS B2R 1R5

Irving Oil Limited
PO Box 5640, Stn Main
Saint John NB E2L 0C3

Jameson Theriault Marine Surveys
Box 1330
Digby NS B0V 1A0

JMS Accountant Staffing Ltd.
99 Wyse Road Suite 1320
Dartmouth NS B3A 4S5

Jose Teixeira
c/o Stephen Kingston McInnis Cooper
P.O. Box 730
Halifax NS B3J 2V1

Kintetsu World Express (Canada) Inc.
610 Orly Avenue
Dorval QC H9P 1E9

Lanetco Computer Networks Inc.
1200 Centre Street, Suite 100
Thornhill ON L4J 3M9

Mackay Communications
7 Mellor Avenue, Unit 16
Dartmouth NS B3B0E8

Manulife Financial Group Benefits
PO Box 1627
Waterloo ON N2J 4P4

McInnes Cooper
David Yochoff
PO Box 730
Halifax NS B3J 2V1

Mersey Marine Ltd.
110 Water Street, PO Box 1290
Liverpool NS B0T 1K0

Mersey Seafoods
26 Bristol Ave.
Liverpool NS B0T 1K0

Metalarc Fabrication Limited
PO Box 503, 206 Dennis Point Road
Lower West Pubnico NS B0W2C0

Midland Transport Ltd.
100 Midland Drive
Dieppe NB E1A6X4

North East Truck & Trailer
Nova Centre, South Tower, 1500
1625 Grafton Street
Halifax NS B3J 0E9

Nova Scotia Seafood Alliance
38 - B JOHN STREET
YARMOUTH NS B5A 3H2

Patterson Law
1801 Hollis St
Halifax NS B3J3N4

Penske Truck Leasing Co., L.P.
P.O. Box 11325
Montreal QC H3C5H1

Pesca Royale
48 Commercial Drive
Halifax NS B3V 1A4

Pleasantville Signs.com
1721 Hwy 331
Pleasantville NS B0R1G0

Quarterback Mobile Inc.
1496 Bedford Highway, Suite 100
Bedford NS B4A 1E6

RBC Royal Bank Visa c/o
BankruptcyHighway.com
Razel Bowen
PO Box 57100
Etobicoke ON M8Y 3Y2

Roadline Logistics Inc.
50 Sunny Meadow Blvd. Unit 308
Brampton ON L6R 1X5

Robert Edinger
1350 rue Sherbrooke ouest
Montreal QC H3G 1G1

Royal Bank of Canada
10 York Mills Road, 3rd Floor
Toronto ON M2P 0A2

Sambro Fisheries Ltd.
40 Lenny's Lane
Sambro NS B3V 1L5

Scotia Harvest, Inc.
12538 Hwy 217
Seabrook NS B0V 1A0

Seamasters Services Limited
100 Marketplace Dr
Dartmouth NS B3B0M8

Securi International
182 River Lane
Ottawa ON K1M 1T1

Shore Side Transport Ltd.
15813 Hwy 3
Hebbville NS B4V6X9

South Shore Truck Centre
1888 King Street, P.O. Box 247
Bridgewater NS B4V 2W9

Stoney Island Fisheries Ltd
P.O. Box 250
Barrington Passage NS B0W1G0

Synergy Technology Solutions
7351 Commercial Road - RTE 4
Milltown Cross PE C0A1R0

Teixeira Family Trust
59 CRANSTON DRIVE
Porters Lake NS B3E 1E9

THE TORONTO-DOMINION BANK
1785 Barrington Street
Halifax NS B3J 2P8

Timothy E Crowe Services
PO Box 688
Milton NS B0T1P0

Toromont Cat (Maritimes)
PO Box 953
Dartmouth NS B2Y3Z6

Toronto Dominion Bank C/O FCT
Default Solutions
PO Box 2514, Station B
London ON N6A 4G9

Valley Tire
139 Logan Road
Bridgewater NS B4V 3T3

Various Employees
Various
Bridgewater NS VAR IOUS

Waterview Marine Supplies
56 Hawthorne Street
Yarmouth NS B5A1M9

Wells Fargo Equipment Finance
Company
Kristin Pereira
1100 - 1290 Central Parkway West
Mississauga ON L5C 4R3

West Nova Fuels Ltd.
73 Falkland St., PO Box 880
Lunenburg NS B0J 2C0

Wm. R. Murphy Fisheries Limited
Box 99
Arcadia NS B0W1B0

Workers Compensation Board of Nova
Scotia
5668 South Street
Halifax NS B3J 2Y2



Grant Thornton

June 27, 2024

Grant Thornton Ltd

Nova Centre, North Tower
Suite 1000, 1675 Grafton Street
Halifax, NS
B3J 0E9

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F +1 902 420 1068

To the Creditors of Chester Basin Seafood Group Inc.**Re: Upcoming Application in Receivership Proceedings**

Pursuant to an April 15, 2024 Order of the Supreme Court of Nova Scotia in Bankruptcy and Insolvency ("**Court**"), Grant Thornton Limited was appointed as receiver ("**Receiver**") of all the assets, undertakings, and properties ("**Property**") of Chester Basin Seafood Group Inc. ("**CBSG**" or the "**Company**"). Copies of application materials, the Receivership Order and the Receiver's reports to the Court are available at www.GrantThornton.ca/chesterbasinseafoods.

Attached please find a copy of the Receiver's report to the Court ("**First Report**") without appendices, dated June 26th, 2024. As outlined in the First Report, the Receiver is applying to the Court for a hearing date in respect of a motion ("**Receiver's Motion**") seeking Orders of the Court:

- a. Abridging the time for service of the Receiver's motion pleadings and dispensing with the necessity of further service, if required;
- b. Approving the activities of the Receiver as set out in the First Report;
- c. Approving the 451 Transaction and vesting title to the Purchased Assets (as defined in the 451 Sale Approval and Vesting Order outlined in the First Report) in 4519497 Nova Scotia Limited or its nominee;
- d. Granting a Confidentiality Order in respect of the Receiver's Confidential Supplement to the First Report; and
- e. Increasing the Administrative Charge to \$150,000.

The Receiver does not anticipate distributions to unsecured creditors in the Receivership Proceedings. When a Court date is known in respect of the Receiver's Motion, the Receiver will post a notice to interested parties under "Notices of Application and Notices of Motion" on its website.

Should you have any questions, please contact liam.murphy@ca.gt.com

Sincerely,

GRANT THORNTON LIMITED

In its Capacity as Court appointed Receiver of
Chester Basin Seafood Ltd.
and not in its personal capacity

Liam Murphy, CPA, CA, CIRP, LIT
Senior Vice President

Appendix D

July 9th Correspondence from the Intended Applicants

BY EMAIL

July 9, 2024
Our File No.: 2024 321
E-mail Address: jflalonde@viceandhunter.ca

Grant Thornton Limited
1675 Grafton Street, Suite 1000
Halifax, NS B3J 0E9

Attention: Liam Murphy, CPA, CA, CIRP, LIT

Dear Mr. Murphy:

**RE: CBSG v. Teixeira et al.
CV-24-95214**

We have reviewed your First Report of Grant Thornton Limited.

Please preserve all of your files in this matter as they will be requisitioned in the CBSG action against Teixeira/Gaudet.

We note references to a Confidential Supplement in your First Report. We submit that the directors and majority shareholders of CBSG are entitled to receive a copy of the Supplement. Please deliver a copy of the Supplement to my office (by email if fine).

Paragraph 16 of your report suggest that 451 purchased CBSG assets for approximately \$7.6 million. Please provide a copy of the 451 Purchase Agreement forthwith. Please also provide all of the information regarding any payments that were made by 451 or anyone else to TD Bank, Pluto Investments In, or any other lender, if any. We appreciate that this information may already be contained in the Confidential Supplement, which we look forward to receiving.

Thank you for your attention to this matter.

Yours very truly,

VICE & HUNTER LLP

Per:



J.F. LALONDE
JFL/cag

Appendix E

Receiver's Response to July 9th Correspondence from the Intended Applicants

Murphy, Liam

From: Murphy, Liam
Sent: July 9, 2024 4:31 PM
To: Hayley Sloanes
Cc: JF Lalonde; Charles-Antoine Godin; jsantimaw@boyneclarke.ca
Subject: RE: CV-24-92514: CBSG v Teixeira et al.
Attachments: Ltr. to L. Murphy re Report 09-JUL-2024.pdf

Mr. Lalonde,

Thank you for your letter of July 9th in respect of the Receiver's First Report. Capitalized items below are as defined in the Receiver's First Report.

With respect to your client's request for the Receiver's Confidential Supplement, the Receiver is requesting a confidentiality order in respect of same as it contains commercially sensitive information that if released would impair the Receiver's ability to market the Company's Property, should the 451 Transaction not close. The 451 Purchase Agreement is appended to the Confidential Supplement. Fundamentally, the Confidential Supplement contains the Receiver's view on the estimated market value of the Company's Property, relative to the consideration within the 451 Transaction, including 451's secured debt which was \$7.6 million at the Receivership Date (see paragraph 49 of [451's Application materials](#); we note the First Report should say \$7.7 million, and that additional interest and fees have since accrued). As noted in Paragraph 22 of [the First Report](#), the Receiver is of the view that at the highest range of potential market values for the Company's Property as investigated by the Receiver, the consideration in the 451 Transaction is still significantly higher.

The Receiver's request for the Confidential Supplement to be sealed is only until such time as the 451 Transaction closes. The gating issue there will be the Department of Fisheries and Oceans providing replacement licenses, which we are hopeful will be relatively quick.

With respect to your request that the Receiver "... also provide all of the information regarding any payments that were made by 451 or anyone else to TD Bank, Pluto Investments Inc, or any other lender, if any", the Receiver respectfully advises that this request is more appropriately submitted to 451 and its counsel, as this information is not available to the Receiver. 451 was the applicant in the Receivership Proceedings, and is not under control of the Receiver.

Please let us know if you have any other questions in respect of the Receiver's upcoming motion to which we may be able to assist with. We are currently targeting the last date of July to be in Court, but will ensure you are served with same once the date is confirmed.

Thank you,
Liam

Liam Murphy, CPA, CA, CIRP, LIT | Partner
Grant Thornton LLP
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Grant Thornton LLP is proud to be recognized as one of Canada's best workplaces for our seventeenth consecutive year!

From: Hayley Sloanes <hsloanes@viceandhunter.ca>

Sent: Tuesday, July 9, 2024 10:46 AM

To: Murphy, Liam <Liam.Murphy@ca.gt.com>

Cc: JF Lalonde <jflalonde@viceandhunter.ca>; Charles-Antoine Godin <cgodin@viceandhunter.ca>

Subject: CV-24-92514: CBSG v Teixeira et al.

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Good morning,

Please see the attached correspondence of today's date sent on behalf of Mr. Lalonde.

Regards,
Hayley

Hayley Sloanes



Law Clerk to J.F. Lalonde & Andrew Donaldson

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