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JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER 1901-06027
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF ATB FINANCIAL
DEFENDANTS SOLO LIQUOR STORES LTD., SOLO LIQUOR HOLDINGS LTD., GENCO HOLDINGS LTD., PALI BEDI, JASBIR SINGH HANS and TARLOK SINGH TATLA

AND IN THE MATTER OF THE RECEIVERSHIP OF SOLO LIQUOR STORES LTD. and SOLO LIQUOR HOLDINGS LTD.

DOCUMENT **THIRD REPORT OF FTI CONSULTING CANADA INC., IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER OF SOLO LIQUOR STORES LTD. and SOLO LIQUOR HOLDINGS LTD.**

February 3, 2020

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

RECEIVER

FTI Consulting Canada Inc.
Suite 1610, 520 – 5th Avenue SW
Calgary, AB T2P 3R7
Deryck Helkaa / Dustin Olver
Telephone: (403) 454-6031 / 6032
Fax: (403) 232-6116
E-mail: deryck.helkaa@fticonsulting.com
dustin.olver@fticonsulting.com

COUNSEL

Torys LLP
46th Floor, 525 – 8th Ave SW
Calgary, AB T2P 1G1
Kyle Kashuba
Telephone: (403) 776-3744
Fax: (403) 776-3800
Email: kkashuba@torys.com

INTRODUCTION

1. On May 1, 2019 (the “**Date of Appointment**”), FTI Consulting Canada Inc. was appointed as receiver and manager (the “**Receiver**”) of all the current and future assets, undertakings and properties of every nature and kind whatsoever (the “**Property**” or “**Business**”) of Solo Liquor Stores Ltd. (“**Solo Liquor**”) and Solo Liquor Holdings Ltd. (“**Solo Holdings**”) pursuant to an Order of the Honourable Justice C.M. Jones (the “**Receivership Order**”, and the proceedings thereunder the “**Receivership Proceedings**”). Solo Liquor and Solo Holdings are together referred to as the “**Solo Group**” or the “**Company**”.
2. The Receivership Order authorized the Receiver, among other things, to manage, operate and carry on the Business of the Company, to market any or all of the Property including advertising and soliciting offers to purchase the Property, and to make such arrangements or agreements as deemed necessary by the Receiver.
3. On June 17, 2019, the Receiver sought, and on June 19, 2019, the Receiver was granted 12 sale approval and vesting orders (the “**Approval and Vesting Orders**”). The Approval and Vesting Orders provided the Receiver with the Court’s approval to close 12 separate asset purchase agreements (the “**Liquor Store APA’s**”) which contemplated in aggregate the sale of 44 separate Solo Group liquor stores.
4. On June 18, 2019, a bankruptcy order (the “**Bankruptcy Order**”) was granted by this Honourable Court authorizing the appointment of FTI Consulting Canada Inc. as trustee in bankruptcy (the “**Trustee**”) of each of Solo Liquor and Solo Holdings.
5. The Receiver’s reports and other publicly available information in respect of these proceedings (the “**Receivership Proceedings**”) are posted on the Receiver’s website at <http://cfcanada.fticonsulting.com/sololiquor> (the “**Receiver’s Website**”).

6. The purpose of this report (“**Third Report**” or this “**Report**”) is to provide this Honourable Court with:
 - (a) an update on the activities of the Receiver since the Receiver’s Second Report;
 - (b) an update on the status of the Receiver’s review of the validity of the four liens filed by Nolan Inc. (the “**Nolan Liens**”);
 - (c) an update on the administration of the WEPPA claims;
 - (d) a summary of receipts and disbursements from the Date of Appointment to January 31, 2020; and
 - (e) the Receiver’s proposed second and final distribution.

7. The Receiver is requesting the following relief from this Honourable Court:
 - (a) approval of the activities of the Receiver since the Receiver’s Second Report reported herein, including the approval of its receipts and disbursements;
 - (b) approval of the fees and expenses of the Receiver and the Receiver’s legal counsel, Torys LLP (“**Receiver’s Counsel**”) related to the administration of these receivership proceedings;
 - (c) an order declaring that the Nolan Liens are not valid and enforceable as against the Property or the proceeds currently held by the Receiver from the sale of the Property, or any portion of it;
 - (d) authorization for the Receiver to make a final distribution to the secured creditors as outlined below;

- (e) discharging the Receiver and terminating these receivership proceedings upon the completion of the Receiver’s remaining administrative tasks and the Receiver filing with the Clerk of the Court a sworn Affidavit (the “**Discharge Affidavit**”) of a licensed insolvency trustee employed by the Receiver; and
- (f) authorizing of the Receiver to destroy the Company’s corporate books and records if not claimed by the former directors within 30 days of them being notified of the Receiver’s intention to destroy the said books and records.

TERMS OF REFERENCE

- 8. In preparing this Third Report, the Receiver has relied upon audited and unaudited financial information, other information available to the Receiver and, where appropriate, the Company’s books and records and discussions with various parties (collectively, the “**Information**”).
- 9. Except as described in this Third Report:
 - (a) The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with the Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
 - (b) The Receiver has not examined or reviewed financial forecasts and projections referred to in this Third Report in a manner that would comply with the procedures described in the Canadian Institute of Chartered Accountants Handbook.
- 10. Future oriented financial information reported or relied on in preparing this Third Report is based on assumptions regarding future events. Actual results may vary from forecasts and such variations may be material.

11. The Receiver has prepared this Third Report in connection with the Receiver's Application that is to be heard on February 13, 2020. This Third Report should not be relied on for other purposes.
12. Information and advice described in this Third Report that has been provided to the Receiver by the Receiver's Counsel, was provided to assist the Receiver in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

RECEIVER'S ACTIVITIES SINCE THE SECOND REPORT

14. Since the date of the Receiver's Second Report, the Receiver has, among other things, completed the following:
 - (a) Made the Proposed Interim Distribution to Crown Capital Partner Funding LP ("**Crown Capital**") in the amount of \$7,614,599 as approved by this Honourable Court as outlined in the Receiver's Second Report;
 - (b) Reviewed and assessed the validity of the Nolan Liens filed on various Solo Liquor store locations (the "**Lien Locations**");
 - (c) Finalized the submission of eligible employee WEPPA claims to Service Canada and determined amount of their respective super-priority charge;
 - (d) Complied with and responded to CRA GST/HST audits; and
 - (e) Determined the estimated holdback and proposed final distribution as discussed in further detail below.

LIEN REVIEW

15. The Receiver in consultation with the Receiver’s Counsel reviewed the validity of the Nolan Liens filed on the four Lien Locations. The following table summarizes the Receiver’s assessment of the Nolan Liens.
16. Based on the records provided by the company and Nolan Inc. the Receiver assessed the validity of the Nolan Liens based on the following:

Purchaser	Store		Municipal Address of Leased Premises	Registered Owner (Lessor)	Builder's Lien Instrument No.	Lien Date	Lien Amount	Agreed to Invoice			# of days between Lien Date & Invoice Date
	Proceeds	Store Name						Invoice #	Invoice Date	Invoice Amount	
Canadian Liquor Retailers Alliance Limited Partnership	\$ 566,734	Solo Liquor GP Two	#101, 11030 - 100 Street Grand Prairie, AB	Centre One Hundred Holdings Ltd.	192 098 293	2-May-19	\$ 50,333	#225	6-Sep-18	\$ 50,333	238
2190404 Alberta Inc.	259,275	Solo Liquor Hampton Terrace	199 Street & Lessard Road Edmonton, AB	Hamptons Shopping Centre Ltd.	192 098 295	2-May-19	234,790	#20-0081-1	30-Sep-18	117,578	214
						2-May-19		#20-0081-2	13-Nov-18	39,814	170
						2-May-19		#20-0081-3	5-Dec-18	44,968	148
						2-May-19		#20-0081-4	5-Dec-18	22,484	148
						2-May-19		#20-0081-5	12-Feb-19	9,947	79
Jiang Cui - Crowfoot	327,236	Solo Liquor Crowfoot	818 & 822 Crowfoot Cres. NW Calgary, AB	1240725 Alberta Ltd.	191 083 558	2-May-19	9,368	#235	11-Feb-19	9,368	80
2013341 Alberta Inc.	286,877	Solo Liquor Chestermere	Unit 302, 320 West Creek Drive Chestermere, AB	Truman Development Corporation	191 083 559	2-May-19	105,471	No support provided - Nolan Inc indicated that their Counsel was in the process of having this lien			
Total	\$1,440,123						\$399,962			\$294,493	

- (a) Pursuant to Sections 41 and 42 of the *Builders’ Lien Act*, RSA 2000, c B-7 (the “BLA”), for a builders’ lien to be valid, a statement of lien must be filed within a 45-day period following the completion of the work or of the supplying of the last materials. If a Certificate of Substantial Performance is posted, the lien must be registered within 45 days after the certificate is issued. If a lien claimant has not registered a certificate of *lis pendens* and filed a Statement of Claim in respect of its lien within 180 days after registration of the lien, such lien expires (Section 43(1) - (5), BLA).

- (b) Using the documentation provided, the Receiver took an impartial and conservative approach by using the invoice date as the date on which the work was completed or abandoned or as the last day materials were supplied (although such date was likely much earlier, as invoices are typically issued after work is completed).
 - (c) The Receiver found that all of the subject liens were registered beyond the 45-day period following the invoice date, and therefore is of the view that all of the Nolan Liens are invalid.
- 17. The Receiver's Counsel contacted Nolan Inc.'s counsel on September 24, 2019 providing the Receiver's conclusion in respect of the Nolan Liens being invalid and requesting additional documentation from Nolan Inc. to support their claims, in the event such additional information existed.
 - (a) On October 1, 2019, counsel for Nolan Inc. requested additional time to submit their further documentation, and the Receiver agreed to this request. On October 11, 2019, a further extension was sought, requesting that Nolan Inc. have until October 18, 2019 to provide their documents.
 - (b) The Receiver's Counsel sent a follow up email on October 18, 2019 and again on November 4, 2019. No response was received. A final follow up request was sent by email from the Receiver's Counsel to Nolan Inc.'s counsel on November 13, 2019.
- 18. All of the above noted correspondence is provided at Appendix A to this Report. As of the date of this Report, neither Nolan Inc. nor their counsel have provided any further information to validate the Nolan Liens under review. Based on the information provided, the Receiver is of the view that all the Nolan Liens are invalid, and the Receiver requests that this Honourable Court declare that the Nolan Liens are invalid as against the Property, or any portion of it, and/or proceeds from the sale of the Property.

WEPPA

19. The Receiver completed the submission of all eligible employee WEPPA claims to Service Canada. Based on the notices provided, the summary of the WEPPA claims issued, received from employees, and submitted to Service Canada (“SC”) is included in the table below:

Type of Claim	# of Eligible Employee		# of Claims		# of Claims	Total Claim
	Claims Issued	Claim Amount	Received & Sent to SC	Claim Amount	Paid by SC to date	Amount Paid by SC to date
Unpaid Vacation	90	\$ 10,914	53	\$ 7,961	36	\$ 7,567
Severance	166	294,266	149	284,339	143	259,823
Total	256	\$ 305,180	202	\$ 292,300	179	\$ 267,390

20. Under WEPPA, a super-priority charge over current assets is given in respect of claims for unpaid wages/vacation up to a maximum of \$2,000 per employee claim. Of the eligible claims for unpaid vacation pay, none are in excess of \$2,000.
- (a) As of the date of this Report, 53 claims (total claim amount of \$7,961) have been submitted to SC for unpaid vacation pay, of which SC has confirmed their priority payment to date is \$7,567.
- (b) The Receiver has requested the total amount paid to date by SC (\$7,567) be included as part of the final proposed distribution payment to secured creditors as discussed in further detail below. Further to this amount, the Receiver also requests a holdback to cover the difference in the total claim amount submitted to SC and those that they have paid to date (i.e. difference between \$7,961 and \$7,567 or \$394 proposed holdback).
21. As of the date of this Report, the deadline for the Solo Group employees to submit their respective proofs of claim has expired. The Receiver has accounted for all of the potential super priority unpaid vacation pay claims in the holdback referenced above and does not consider it necessary to hold back any additional funds.

SUMMARY OF RECEIPTS AND DISBURSEMENTS

22. Receipts and Disbursements from the Date of Appointment to January 31, 2020 are summarized as follows:

Schedule of Receipts and Disbursements	
As at January 31, 2020	
\$ CAD	
Receipts	
Receiver's Borrowings	\$1,600,000
Liquor Sales	13,902,287
APA Asset Sales	9,810,456
Miscellaneous Asset Sales	92,764
Bottle Deposit Collected	354,141
GST Collected	692,251
Total - Receipts	26,451,899
Disbursements	
Receiver's Repayments	1,600,000
Inventory Purchases	10,556,611
Operating Expenses	186,520
Occupation Rent	1,206,612
Cure Costs	385,495
Payroll - Employee Related Obligations	1,780,739
Insurance	9,514
Bottle Deposit Paid	349,502
GST Paid	726,718
Bank & Interest Charges	115,585
Distribution made to Secured Creditor	7,614,599
Selling Agents & Professional Fees	1,213,233
Total - Disbursements	25,745,127
Net Cash on Hand from Operations	\$ 706,772

- (a) Receiver's Borrowings – amounts borrowed in accordance with the terms of the Receivership Order to provide sufficient working capital to fund the ongoing operations. The Receiver's Borrowings were originally incurred to fund initial working capital requirements required immediately following the granting of the Receivership Order;

- (b) Liquor Sales – relates to funds collected by the Receiver in respect of the revenue from inventory sales from the Company’s operating liquor stores;
- (c) APA Asset Sales – relates to the cash proceeds received from the 13 executed APA’s as approved by the Court;
- (d) Miscellaneous Asset Sales – amounts received from the sale of miscellaneous assets of the Company;
- (e) Bottle Deposit Collected – relates to deposits collected from the sale of specified beverage containers;
- (f) GST Collected – relates to tax credits collected on the revenue generated throughout the receivership period;
- (g) Receiver’s Repayments – amount repaid in respect of the Receiver’s Borrowings under the Receiver’s Certificate;
- (h) Inventory Purchases – relates to the costs incurred for liquor and other sales inventory for the operation of stores;
- (i) Operating Expenses – relates to the payments of ongoing operating costs;
- (j) Occupation Rent – comprises rent paid in relation to the Company’s head office and all occupied, leased premises from which the Solo Group stores were operating;
- (k) Cure Costs – reflect the costs paid by the Receiver pursuant to the Approval and Vesting Orders as granted by the Court as condition to closing the APA’s;

- (l) Payroll and Employee Related Obligations – costs relating to employee wages, government remittances, benefits and payroll service charges;
 - (m) Insurance – costs incurred relating to insurance on operating stores, home office and the remaining equipment;
 - (n) Bottle Deposit Paid – relates to deposits paid on the purchase of specified beverage containers;
 - (o) GST Paid – relates to goods and services tax remittances;
 - (p) Bank & Interest Charges – relates to banking fees and interest charged on the Receiver’s Borrowings;
 - (q) Distribution made to Secured Creditor – is the Court approved distribution to Crown Capital as outlined in the Second Report; and
 - (r) Selling Agents & Other Professional Fees – relates to fees paid to the Selling Agents and other professionals involved in respect of the receivership proceedings.
23. As at January 31, 2020, the Receiver held \$706,772 in cash on hand.

PROPOSED HOLDBACK AND FINAL DISTRIBUTION

24. The Receiver is currently holding \$706,772 and is seeking approval to make a final distribution (“**Proposed Final Distribution**”) to the secured and priority creditors. The Receiver intends to distribute all funds currently held after payment of accrued but unpaid professional fees and minor remaining administrative amounts (i.e. record storage costs, destruction of records).

25. The Receiver’s estimated distributable funds after provisions for remaining professional fees and administrative costs are summarized in the table below:

Schedule of Provisions for Remaining Costs and Proposed Distribution	
\$ CAD	
Net Cash on Hand	\$ 706,772
Provision for Remaining Professional Fees & Holdbacks:	
Receiver's Costs	30,000
Receiver's Counsel	25,000
Administrative Costs	30,000
Super-Priority WEPPA Claims	394
Total Provisions	85,394
Funds Available for Distribution	621,379
Proposed Final Distribution:	
Super-Priority WEPPA Claims - Service Canada	7,567
Secured Creditor - Crown Capital	613,812
Proposed Final Distributions	\$ 621,379

APPROVAL OF FEES

26. Invoices rendered by the Receiver for fees and expenses exclusive of GST since the Date of Appointment total \$501,388 and the Receiver anticipates an additional \$30,000 accrued unbilled work to date and administrative work to complete these receivership proceedings (collectively the “**Receiver’s Fees**”). The accounts for services rendered will be made available upon request.
27. Invoices rendered for fees and expenses exclusive of GST by the Receiver’s Counsel since the Date of Appointment total \$233,739 and the Receiver’s Counsel anticipates an additional \$25,000 accrued unbilled work to date and administrative work to complete these receivership proceedings (collectively the “**Receiver’s Counsel’s Fees**”). The accounts will be made available upon request.

28. The Receiver believes the Receiver's Fees and the Receiver's Counsel's Fees are appropriate and reasonable in the circumstances given the length of the receivership proceedings, the work required to operate the Solo Group from the Date of Appointment through to closing multiple asset sales, the time required to complete a fulsome sales process, run a WEPPA process, and make distributions to secured creditors. The Receiver is requesting that this Honourable Court approve the Receiver's Fees and the Receiver's Counsel's Fees.

TERMINATION OF RECEIVERSHIP PROCEEDINGS AND DISCHARGE OF THE RECEIVER

29. Given the assessment of the Nolan Liens validity and completion of the WEPPA process were the final material matters required to be resolved within these receivership proceedings and they have now been resolved, the Receiver recommends terminating the receivership proceedings and discharging the Receiver conditional upon the Receiver filing a Discharge Affidavit confirming that it has completed its remaining administrative tasks and making the Final Distributions.

RECEIVER'S RECOMMENDATIONS

30. The Receiver respectfully requests that this Honourable Court grant the following relief:
- (a) authorizing for the Receiver to make a final distribution to the secured and priority creditors of the Solo Group as outlined above;
 - (b) approval of the Receiver's activities since the date of the Second Report, including its receipts and disbursements;
 - (c) approval of the fees and expenses of the Receiver and the Receiver's Counsel related to the administration of these receivership proceedings;

- (d) discharging the Receiver and terminating these receivership proceedings upon the completion of the Receiver's remaining administrative tasks and the filing of a Discharge Affidavit; and
- (e) authorizing the Receiver to destroy the Company's corporate books and records if not claimed by the former directors within 30 days of being discharged.

All of which is respectfully submitted this 3rd day of February 2020.

FTI Consulting Canada Inc.,
in its capacity as Court-appointed Receiver and
Manager of the assets, property and
undertakings of Solo Liquor Stores Ltd. and
Solo Liquor Holdings Ltd.



Deryck Helkaa
Senior Managing Director



Dustin Olver
Senior Managing Director

APPENDIX A

From: [Mann, Jessie](#)
To: [Rahim Merchant](#)
Cc: [Kashuba, Kyle](#)
Subject: [EXTERNAL] Nolan
Date: Wednesday, November 13, 2019 9:16:57 AM
Importance: High

Hello Rahim,

We are following up on this again. We would appreciate your prompt attention to this request.

Best,

Jessie Mann

P. 403.776.3770 | F. 403.776.3800 | 1.800.505.8679

From: Mann, Jessie
Sent: Monday, November 4, 2019 2:25 PM
To: 'Rahim Merchant' <RMerchant@mcleod-law.com>
Cc: Kashuba, Kyle <kkashuba@torys.com>
Subject: Nolan

Hi Rahim,

I hope all is well!

Just following up again on the below request. We look forward to hearing from you soon.

Thanks very much,

Jessie Mann

From: Mann, Jessie
Sent: Friday, October 18, 2019 2:00 PM
To: Rahim Merchant <RMerchant@mcleod-law.com>
Cc: Kashuba, Kyle <kkashuba@torys.com>
Subject: Nolan

Good afternoon Rahim,

Just thought I follow up on the below request. Please let us know if you have any updates.

Thanks very much,

Jessie Mann

From: Mann, Jessie
Sent: Monday, October 14, 2019 4:43 PM
To: Rahim Merchant <RMerchant@mcleod-law.com>
Subject: Nolan

Hi Rahim,

The Receiver is okay with the extension.

Happy Thanksgiving.

Jessie Mann

----- Original message -----

From: "Mann, Jessie" <jmann@torys.com>
Date: 2019-10-12 11:03 PM (GMT-07:00)
To: Rahim Merchant <RMerchant@mcleod-law.com>
Subject: Nolan

Hi Rahim,

I will check with the Receiver but I'm sure that it should be okay to extend the deadline. I will let you know as soon as I hear back from the Receiver.

Hope everything works out for your client's Project Manager.

Best,

Jessie Mann

----- Original message -----

From: Rahim Merchant <RMerchant@mcleod-law.com>
Date: 2019-10-11 12:01 PM (GMT-07:00)
To: "Mann, Jessie" <jmann@torys.com>
Subject: Re: Nolan

Hi Jessie,

My apologies, but we won't be able to meet the deadline as my client's Project Manager has been dealing with a personal matter. However, he is back next week. Therefore, we are seeking a further deadline to October 18. Your anticipated courtesy is appreciated.

Sincerely,

Sent from my iPhone.

Rahim Merchant | Partner

McLeod Law LLP | [Web](#) | [Bio](#) | [LinkedIn](#)

Direct [403 873 3744](#) | **Main** [403 278 9411](#) | **Fax** [403 271 1769](#)

300, 14505 Bannister Road SE, Calgary AB, T2X 3J3

Sent from my iPhone.

Rahim Merchant | Partner

McLeod Law LLP | [Web](#) | [Bio](#) | [LinkedIn](#)

Direct [403 873 3744](#) | **Main** [403 278 9411](#) | **Fax** [403 271 1769](#)

300, 14505 Bannister Road SE, Calgary AB, T2X 3J3

On: 01 October 2019 15:05, "Mann, Jessie" <jmann@torys.com> wrote:

Thank you for the update Rahim. The extension is acceptable to the Receiver.

Have a good day!

Jessie Mann

P. 403.776.3770 | F. 403.776.3800 | 1.800.505.8679

From: Rahim Merchant <RMerchant@mcleod-law.com>

Sent: Tuesday, October 1, 2019 2:48 PM

To: Mann, Jessie <jmann@torys.com>

Cc: Kashuba, Kyle <kkashuba@torys.com>; Randy Mitchell <rmitchell@mcleod-law.com>; Michele Hitman <mhitman@mcleod-law.com>

Subject: RE: Nolan

Hi Jessie,

With respect to your deadline of October 2, my client has been out of town, and therefore, will require more time to put together the materials with respect to the liens in question. As such, we are seeking an extension to October 11.

We thank you for your anticipated courtesy.

Sincerely,

Rahim Merchant | Partner

McLeod Law LLP | [Web](#) | [Bio](#) | [LinkedIn](#)

Direct 403 873 3744 | **Main** 403 278 9411 | **Fax** 403 271 1769

300, 14505 Bannister Road SE, Calgary AB, T2X 3J3

<http://www.smallbusinessweekcalgary.com/events/2019/evening-with-the-entrepreneurs/>



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From: Mann, Jessie <jmann@torys.com>

Sent: Tuesday, September 24, 2019 9:28 AM

To: Rahim Merchant <RMerchant@mcleod-law.com>

Cc: Kashuba, Kyle <kkashuba@torys.com>; Randy Mitchell <rmitchell@mcleod-law.com>; Karan Jones <kjones@mcleod-law.com>

Subject: Nolan

Thank you!

Jessie Mann

P. 403.776.3770 | F. 403.776.3800 | 1.800.505.8679

From: Rahim Merchant <RMerchant@mcleod-law.com>

Sent: Tuesday, September 24, 2019 9:17 AM

To: Mann, Jessie <jmann@torys.com>

Cc: Kashuba, Kyle <kkashuba@torys.com>; Randy Mitchell <rmitchell@mcleod-law.com>; Karan Jones <kjones@mcleod-law.com>

Subject: RE: Nolan

Thanks, Jessie.

I will seek instructions from my client and respond accordingly.

Rahim Merchant | Partner

McLeod Law LLP | [Web](#) | [Bio](#) | [LinkedIn](#)

Direct 403 873 3744 | **Main** 403 278 9411 | **Fax** 403 271 1769

300, 14505 Bannister Road SE, Calgary AB, T2X 3J3



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From: Mann, Jessie [<mailto:jmann@torys.com>]
Sent: Tuesday, September 24, 2019 8:12 AM
To: Rahim Merchant
Cc: Kashuba, Kyle; Randy Mitchell; Karan Jones
Subject: Nolan

Hello Rahim,

We note that FTI Consulting Canada Inc., in its capacity as the Court-appointed receiver and manager (the “**Receiver**” or “**FTI**”) of the undertakings, property and assets of Solo Liquor Stores Ltd. and Solo Liquor Holdings Ltd. (collectively, “**Solo**”), with our office at their legal counsel, has conducted a lien evaluation related to the liens your client, Nolan Inc. (“**Nolan**”), registered against certain of the premises leased by Solo (the “**Liens**”).

As you are likely aware, for a builders’ lien to be valid, a statement of lien must be filed within a 45-day period following the completion or abandonment of the work or of the supplying of the last of the materials. Sections 41 and 42 of the *Builders’ Lien Act*, RSA 2000, c B-7 (the “**BLA**”) provide statutory support for the foregoing statement.

If a Certificate of Substantial Performance is posted, the lien must be registered within 45 days after the certificate is issued. We note that if a lien claimant has not registered a certificate of *lis pendens* and filed a Statement of Claim in respect of its lien within 180 days after registration of the lien, such lien expires (Section 43(1) - (5), BLA).

When the Receiver conducted its evaluation of Nolan’s Lien claims, it took a conservative approach by using the invoice date as the date on which the work was completed or abandoned or as the last day materials were supplied (although such date was likely much earlier). In its diligent analysis, the Receiver found that all of Nolan’s liens were registered beyond the 45-day (in some cases, far beyond) period following the completion or abandonment of the work or of the supplying of the last of the materials and therefore, is of the view that Nolan’s Liens are invalid.

FTI is a reputable Court-appointed officer and has an obligation to the Court to maintain the integrity of the system and the administration of the receivership process. As such, in the event that Nolan disagrees with the Receiver’s conclusion regarding the status of its Liens, the Receiver requests that Nolan provide documentary evidence to support its position by next week **Wednesday, October 2nd, 2019**.

Please let us know if you have any questions or comments and your client’s position.

Thank you,

Jessie

Jessie Mann
P. 403.776.3770 | F. 403.776.3800 | 1.800.505.8679



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