

Court File No. CV-19-614593-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

**BETWEEN:**

**CORNER FLAG LLC**

**APPLICANT**

- and -

**ERWIN HYMER GROUP NORTH AMERICA, INC.**

**RESPONDENT**

**FOURTH REPORT TO COURT  
OF ALVAREZ & MARSAL CANADA INC.  
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER AND MANAGER  
OF ERWIN HYMER GROUP NORTH AMERICA, INC.**

**May 26, 2022**

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## 1.0 INTRODUCTION

- 1.1 This report (the “**Fourth Report**”) is filed by Alvarez & Marsal Canada Inc. (“**A&M**”) in its capacity as Court-appointed receiver and manager (in such capacity, the “**Receiver**”) without security, of all of the assets, undertakings and properties of Erwin Hymer Group North America, Inc. (“**EHGNA**” or the “**Company**”).
- 1.2 A&M was appointed as Receiver of EHGNA pursuant to an order (the “**Appointment Order**”) of the Ontario Superior Court of Justice (the “**Court**”) granted on February 15, 2019 following an application by Corner Flag LLC (“**Corner Flag**”). EHGNA was a manufacturer of recreational vehicles with facilities located in and around Cambridge, Ontario. The receivership proceedings of EHGNA are referred to herein as the “**Receivership Proceedings**”. A copy of the Appointment Order is attached hereto as **Appendix “A”**. A copy of the First Report to Court of the Receiver dated March 20, 2019 (the “**First Report**”), without appendices, is attached hereto as **Appendix “B”**. A copy of the Second Report to Court of the Receiver dated June 10, 2019 (the “**Second Report**”), without appendices, is attached hereto as **Appendix “C”**. A copy of the Third Report to Court of the Receiver dated January 21, 2020, without appendices, which provided a comprehensive update on the status of the Receivership Proceedings, is attached hereto as **Appendix “D”**.
- 1.3 On June 17, 2019, this Court granted the Roadtrek Approval and Vesting Order, the La Mesa Approval and Vesting Order and the Infinity Approval and Vesting Order, which

among other things, approved the transactions contemplated by the Roadtrek APA, the La Mesa Bill of Sale and the Infinity APA, respectively (collectively, the “**Transactions**”). The Transactions, as well as other sales of RV Inventory conducted by the Receiver during the Receivership Proceedings (all of which were directly approved by this Court or completed in accordance with the Appointment Order), resulted in the sale of substantially all of EHGNA’s inventory and operating assets. The Transactions, and the Receiver’s Sales Process resulting in such Transactions, are described in detail in the Second Report.

- 1.4 On June 17, 2019, this Court also granted an Order (the “**Ancillary Administration Order**”), which, among other things: (i) approved certain payments to be made by the Receiver to Mercedes-Benz Financial Services Canada Corporation (“**MBFS**”) and Mercedes-Benz Financial Services USA LLC (“**MBFS US**”) for amounts owed to them for certain underlying raw chassis of RV Inventory sold by EHGNA or the Receiver; (ii) approved the Second Report and the activities set out therein; (iii) approved the fees and disbursements of the Receiver and its counsel, Osler, Hoskin & Harcourt LLP (“**Osler**”); (iv) ordered that no amounts be distributed from the Construction Lien Reserve until each of the Construction Liens (as defined in the Roadtrek Approval and Vesting Order) were settled and discharged; and (v) sealed Confidential Appendix “A”, Confidential Appendix “B” and Confidential Appendix “C” to the Second Report, pending further Order of the Court. A copy of the Ancillary Administration Order is attached hereto as **Appendix “E”**.
- 1.5 On June 25, 2019, this Court granted an Order (the “**Bankruptcy Application and Interim Distribution Order**”), which, among other things: (i) authorized the Receiver to file an

assignment in bankruptcy on behalf of EHGNA under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) at any time following delivery of the Receiver’s Certificate (as defined in the Roadtrek Approval and Vesting Order), and authorized A&M to act as trustee in bankruptcy of EHGNA in respect of any such bankruptcy proceedings; (ii) authorized and directed the Receiver to distribute to Corner Flag, in one or more distributions, the full amount of the indebtedness owing by the Receiver to Corner Flag under the Receiver Term Sheet from the net proceeds realized from the Transactions (provided that no amounts were to be distributed from the Construction Lien Reserve until each of the Construction Liens was settled and discharged) (collectively, the “**Net Proceeds**”); (iii) authorized the Receiver to distribute to Corner Flag, in its discretion and after payment of the amount owing in respect of the Receiver Term Sheet, the remaining Net Proceeds and any other amounts held by the Receiver, towards the reduction of the balance of the indebtedness owing by EHGNA to Corner Flag under the Corner Flag Promissory Note and Corner Flag Security; and (iv) authorized the Receiver to, in its sole discretion and following payment in full of amounts owing to Corner Flag, make one or more payments to MBFS US in respect of amounts owing by EHG Chassis (and guaranteed by EHGNA) for MBFS US Financed Collateral sold to third parties where proceeds were received by EHGNA prior to the receivership. A copy of the Bankruptcy Application and Interim Distribution Order is attached hereto as **Appendix “F”**.

- 1.6 On January 28, 2020, this Court granted an Order (the “**Interim Distribution, Approval of Fees and Disbursements, and Unsealing Order**”), which, among other things: (i) authorized the Receiver to distribute to EHG SE, in one or more distributions, up to the full

amount of the indebtedness owing by EHGNA to EHG SE under the TD Loan Agreement and the EHG SE Payroll Advance from the Net Proceeds or other amounts held by the Receiver, provided that, in the event that any amounts are received in respect of the MBFS US Financed Collateral subject to MBFS US' claim, such amounts shall first be distributed to MBFS US; (ii) approved the Third Report, and the activities and conduct of the Receiver described therein; (iii) approved the fees and disbursements of the Receiver for the period May 19, 2019 to November 30, 2019 and those of its legal counsel, Osler, for the period May 18, 2019 to November 30, 2019; and (iv) ordered that Confidential Appendix "C" to the Second Report, which was sealed by the Ancillary Administration Order, be unsealed and placed in the Court file such that it forms part of the public record. A copy of the Interim Distribution, Approval of Fees and Disbursements, and Unsealing Order is attached hereto as **Appendix "G"**.

- 1.7 The purpose of this Fourth Report is to: (i) provide an update on the Receiver's activities since the date of the Third Report, including the distributions to EHG SE and MBFS US and the proposed insurance settlement; and (iii) support the Receiver's motion for an order, among other things:
- (a) approving the Minutes of Settlement/Full & Final Release between the Receiver and Chubb Insurance Company of Canada;
  - (b) authorizing the Receiver to make a further distribution or distributions to EHG SE in its capacity as a secured creditor of EHGNA;
  - (c) approving the fees and disbursements of the Receiver for the period December 1,

2019 to April 23, 2022, and those of its legal counsel, Osler, for the period December 1, 2019 to May 19, 2022;

- (d) approving this Fourth Report and the activities of the Receiver described herein; and
- (e) approving the discharge of the Receiver upon the filing of a Discharge Certificate with this Court certifying that the above referenced insurance settlement has been concluded, the distribution(s) to EHG SE has(have) been made and any other ancillary tasks to conclude the Receivership Proceedings have been completed by the Receiver.

## **2.0 TERMS OF REFERENCE AND DISCLAIMER**

2.1 In preparing this Fourth Report, the Receiver has relied upon unaudited financial information and the books and records of EHGNA and other documents provided by, and discussions with, certain former management of EHGNA (collectively, the “**Information**”).

2.2 The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CASs**”) pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of the Information.

2.3 This Fourth Report has been prepared for use by the Court and EHGNA's stakeholders as general information relating to the Receivership Proceedings and to assist the Court in considering the relief sought herein. Accordingly, the reader is cautioned that this Fourth Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Fourth Report different than the provisions of this paragraph.

2.4 The information contained in this Fourth Report is not intended to be relied upon by any investor or purchaser in any transaction with the Receiver.

2.5 All defined terms not otherwise defined in this Fourth Report are as defined in the Appointment Order or the Third Report, unless otherwise indicated herein.

2.6 Unless otherwise stated, all monetary amounts contained in this Fourth Report are expressed in Canadian dollars.

2.7 Further information about EHGNA, its background and copies of all materials filed in the Receivership Proceedings are available on the Receiver's website at: [www.alvarezandmarsal.com/ehgna](http://www.alvarezandmarsal.com/ehgna) (the "Case Website").

### **3.0 DISTRIBUTIONS BY THE RECEIVER**

Corner Flag (previously repaid in full)

3.1 The Bankruptcy Application and Interim Distribution Order authorized and directed the Receiver to distribute to Corner Flag, in one or more distributions, from the Net Proceeds realized from the Transactions, the full amount of indebtedness owing by the Receiver to Corner Flag under the Receiver Term Sheet, as soon as reasonably practical following receipt of such Net Proceeds. As described in the Third Report, the Receiver made distributions to Corner Flag in the amounts of \$4,093,709.18 and \$5,444,870.66 to fully repay amounts owing under the Corner Flag Promissory Note and Corner Flag Security. As a result, Corner Flag was repaid in full at the time of the Third Report (January 21, 2020) and as such no longer has any secured or other claim to the assets of EHGNA.

Further Payment to MBFS US

3.2 The Ancillary Administration Order authorized the Receiver to make certain payments to MBFS and MBFS US in respect of amounts owed to them for the underlying raw chassis of RV Inventory sold by the Receiver as units were sold. In accordance with this Order, since the time of the Third Report, the Receiver has made one payment of US\$145,793 to MBFS US. The Receiver has determined that the proceeds from one RV sold prior to the Receivership Proceedings, representing US\$51,653 payable to MBFS US, are unrecoverable and therefore no further payments are expected to be made to MBFS US.

EHG SE

3.3 The Interim Distribution, Approval of Fees and Disbursements, and Unsealing Order authorized the Receiver to distribute to EHG SE, in one or more distributions, up to the full

amount of the indebtedness owing by EHGNA to EHG SE under the TD Loan Agreement and the EHG SE Payroll Advance from the Net Proceeds or other amounts held by the Receiver, provided that, in the event that any amounts are received in respect of the MBFS US Financed Collateral subject to MBFS US' claim, such amounts shall first be distributed to MBFS US. Accordingly, in accordance with the Interim Distribution, Approval of Fees and Disbursements, and Unsealing Order, on March 3, 2020, the Receiver distributed \$2,2627,747.24 and US\$1,386,853.90 to EHG SE to be applied to reduce the indebtedness under the TD Loan Agreement.

- 3.4 The Third Report contains a comprehensive chart which details the various claims of the Primary Secured Creditors and the actions taken by the Receiver in satisfaction of such claims since the date of the Second Report. That chart has been updated below by the Receiver to reflect the status of creditors that still had outstanding claims as at the date of the Third Report. Those creditors whose claims had been paid in full at the time of the Third Report have been removed from the chart below.

<b>Type of Claim</b>	<b>Balance as of Third Report</b>	<b>Current Balance</b>	<b>Description</b>
<i>1. Other MBFS US Claims</i>			
MBFS US Financed Collateral – Units sold by the Receiver where proceeds remained owing to EHGNA at the date of the Third Report	US\$197,446	US\$51,653	US\$145,793 has been paid to MBFS US in respect of the balance due on three units for which sale proceeds were collected by the Receiver. Amounts remain owing to EHGNA for one unit

			sold pre-receivership, which the Receiver has been unable to collect.
<b>2. EHG SE Claims</b>			
TD Loan Agreement (as assigned to EHG SE)	Approximately \$6,500,000 and US\$1,300,000 plus interest and costs	Approximately \$4,900,000	Distributions in the amount of \$2,627,747 and US\$1,386,854 have been made to EHG SE. As further described below, the Receiver intends to make a final distribution to EHG SE in respect of the EHGNA TD Security.
EHG SE Payroll Advance	\$1,800,000	\$1,800,000	As further described below, the net amount of cash on hand will not be sufficient to repay the balance outstanding under the EHGNA TD Security. Therefore, no distribution will be made in respect of the EHG SE Payroll Advance.
Other Claims	Current claim of approximately \$48,800,000	Current claim of approximately \$48,800,000	These claims have not been accepted as secured claims by the Receiver to date. As further described below, the final distribution will be insufficient to fully repay the amounts outstanding under the EHGNA TD Security and the EHG SE Payroll Advance. Therefore, no distribution will be made in respect of these claims.

#### 4.0 INSURANCE CLAIM AND SETTLEMENT

- 4.1 As described in the First Report, Roadtrek Motorhomes Inc. (“**Roadtrek**”) was acquired by the Erwin Hymer Global Group in February 2016. Pursuant to a share purchase agreement dated February 17, 2016 (the “**SPA**”), EHGNA acquired all of the outstanding shares of Roadtrek. Subsequent to the acquisition, EHGNA and Roadtrek merged to continue as EHGNA.
- 4.2 As further detailed in the Second Report, the Receiver became aware that as part of the SPA and related purchase transaction, EHGNA acquired a buyer-side “representations and warranties” insurance policy issued by ACE INA Insurance (now Chubb Insurance Company of Canada (“**Chubb**”)) in respect of certain representations and warranties made by Roadtrek pursuant to the SPA (the “**R&W Policy**”). The R&W Policy had a coverage limit of US\$7.5 million, subject to a Retention of US\$735,000 which was reduced to US\$551,250 twelve months post-closing of the transaction.
- 4.3 Upon review of the R&W Policy, in consultation with counsel to Corner Flag, and in the context of the allegations of certain financial irregularities detailed in the First Report, the Receiver determined that Roadtrek may have breached several representations made to EHGNA in the SPA. Accordingly, on March 25, 2019, the Receiver filed a claim under the R&W Policy, informing Chubb of a breach or possible breach of the SPA which may constitute a Loss under the R&W Policy (the “**Insurance Claim**”).

- 4.4 Chubb's initial R&W Policy coverage position was communicated to the Receiver on May 24, 2019, together with a reservation of rights. Chubb provided consent to the Receiver to retain a forensic expert to investigate the breach or potential breach. Accordingly, on August 21, 2019, the Receiver, in consultation with EHG SE, engaged Cohen Hamilton Steger ("**Cohen Hamilton**") to assist the Receiver in quantifying the financial losses incurred by EHGNA as a result of reliance on certain representations and warranties contained in the SPA.
- 4.5 The first report of Cohen Hamilton was dated February 28, 2020. In response, Chubb delivered a responding report of Duff & Phelps Canada Limited ("**Duff & Phelps**") dated September 2, 2020.
- 4.6 On October 18, 2020, Chubb communicated its R&W Policy coverage position to the Receiver. As part of continuing without prejudice negotiations, additional reports of Cohen Hamilton and Duff & Phelps were exchanged but the parties could not agree on a negotiated resolution of the Insurance Claim.
- 4.7 As a result, the parties scheduled a mediation as required by Article XVII (Alternative Dispute Resolution) of the R&W Policy. The Honorable Robert A. Blair Q.C. of Arbitration Place was appointed as mediator and a mediation was held on March 31, 2022.
- 4.8 The parties were successful in negotiating a compromise at the mediation with Chubb's agreement to pay the Receiver US\$1,625,000 over and above the R&W Policy retention in

exchange for the release of all the Receiver's claims under the R&W Policy. The settlement is also subject to the Receiver obtaining Court approval of the settlement terms.

- 4.9 The Receiver notes that the settlement was achieved only after extensive negotiations and delivery of several expert reports over a protracted period of time. The Receiver is satisfied that the settlement is a reasonable resolution of the R&W Policy claims, and the settlement is supported by EHG SE who participated in the mediation as the creditor of EHGNA with the most significant economic interest in the outcome.
- 4.10 The duly executed Minutes of Settlement/Full & Final Release that remain subject to approval of this Court are attached as **Appendix "H"**.

## **5.0 PROPOSED FINAL DISTRIBUTION TO EHG SE**

- 5.1 The Receiver and its counsel previously reviewed the security and assessed the relative priorities of the claims of Corner Flag, MBFS, MBFS US and EHG SE (collectively, the "**Primary Secured Creditors**") to the Property of EHGNA. The Receiver's analysis is described at length in the Second Report and a further comprehensive update was provided in the Third Report. The ordering of the Primary Secured Creditors with remaining outstanding indebtedness in the chart above is based on the relative priorities of such creditors.
- 5.2 As described above, Corner Flag and MBFS have been repaid in full. MBFS US' only remaining secured claim is for US\$51,653, which is in respect of specific MBFS US

Financed Collateral sold where amounts remain owing to EHGNA or to EHG Chassis by a third-party purchaser.

5.3 Based on the advice of the Receiver's legal counsel, the Receiver understands that, in accordance with the MBFS US Priority Agreement, MBFS US is only entitled to be paid amounts in respect of its remaining claim of US\$51,653 in priority to EHG SE if amounts are collected in respect of the specific MBFS US Financed Collateral subject to such claim. If such amounts are not collected, the Receiver understands that EHG SE would have a priority claim in relation to MBFS US' claims to any remaining proceeds of the estate. The Receiver's efforts to recover and sell RV Inventory have concluded, without any additional realizations; therefore, the Receiver does not anticipate nor will MBFS US be entitled to, any further payments to MBFS US.

5.4 As of the date of this Fourth Report, the Receiver understands that:

- (a) approximately \$4.9 million, inclusive of interest and costs, remains owing to EHG SE under the TD Loan Agreement, as assigned to EHG SE, which amounts are secured by the EHGNA TD Security and the EHG Chassis TD Security; and
- (b) approximately \$1.8 million is owing to EHG SE pursuant to the EHG SE Payroll Advance, which is secured by the EHG SE GSA.

The EHGNA TD Security was perfected prior to the security granted by the EHG SE GSA. Accordingly, any distributions to be made to EHG SE would first be applied to reduce the

indebtedness under the TD Loan Agreement prior to any repayment of the EHG SE Payroll Advance.

5.5 As at the date of this Fourth Report, the Receiver has approximately \$1,388,000 and US\$103,000 of cash on hand (see section 7.0 below for an update on the Receiver's Interim Statement of Receipts and Disbursements), not including the anticipated receipt of the insurance settlement described above in the amount of US\$1,625,000. Accordingly, should the proposed Order be granted, the Receiver proposes to distribute approximately \$3,658,000 (including the insurance settlement amount) to EHG SE to reduce the secured indebtedness owed by EHGNA to EHG SE under the TD Loan Agreement. Following such distribution, the Receiver expects to have sufficient funds remaining to complete the administration of these Receivership Proceedings.

5.6 Should any additional unanticipated amounts be received by the Receiver in connection with the receivership estate, the Receiver intends to distribute such funds to EHG SE up to the maximum amount required to satisfy EHGNA's indebtedness to EHG SE under the TD Loan Agreement and the EHG SE Payroll Advance.

## **6.0 ADDITIONAL UPDATES**

### Chapter 11 Proceedings of JRV Group USA L.P.

6.1 As described in the Second Report, JRV Group USA L.P. ("**JRV**"), formerly Erwin Hymer Group Holding USA L.P., a United States affiliate of EHGNA, filed a voluntary petition

under Chapter 11 of Title 11 of the United States Bankruptcy Code, in the United States Bankruptcy Court for the District of Delaware (the “**US Court**”) on May 13, 2019.

- 6.2 Prior to the Receivership Date, EHGNA provided certain administrative/shared service functions to JRV, including vehicle purchasing, sales invoicing and accounts receivable administration. JRV also utilized a third-party payroll processor to administer its payroll, and, rather than establishing its own account for a small number of employees, EHGNA arranged for JRV to provide payroll processing (through its payroll processor) for approximately ten sales employees of EHGNA who were domiciled in the United States.
- 6.3 JRV commenced a Court-approved claims process within its Chapter 11 proceedings (the “**JRV Claims Process**”) with a general claims bar date of September 27, 2019. Based on the books and records of EHGNA, the Receiver filed a proof of claim in the JRV Claims Process on behalf of EHGNA for approximately US\$12.9 million, representing the intercompany balance owing by JRV to EHGNA reflected in EHGNA’s books and records.
- 6.4 On June 19, 2020, the US Court granted an Order Approving the Amended Combined Disclosure Statement and Joint Chapter 11 Plan of Liquidation of JRV (the “**Plan**”). Under the Plan, Intercompany Claims were cancelled and compromised, and conclusively presumed to have voted to reject the Plan. As such, the Receiver does not anticipate receipt of any distributions related to the insolvency proceedings of JRV.

6.5 All Court-filed documents in the Chapter 11 proceedings are available on the website of BMC Group, Inc., the Claims and Noticing Agent for JRV, at: [www.bmcgroup.com/jrvgroup](http://www.bmcgroup.com/jrvgroup).

*Bankruptcy of EHGNA*

6.6 The Bankruptcy Application and Interim Distribution Order authorized the Receiver to file an assignment in bankruptcy under the BIA on behalf of EHGNA at any time following delivery of the Receiver's Certificate in respect of the Roadtrek Transaction. Such Receiver's Certificate was delivered on July 4, 2019.

6.7 On September 23, 2019, EHGNA was assigned into bankruptcy by the Receiver. Pursuant to a Certificate of Appointment issued by the Official Receiver, A&M was appointed as Trustee in Bankruptcy of the estate of EHGNA. The appointment of A&M as Trustee was affirmed at the first meeting of creditors held on October 10, 2019.

6.8 In its Preliminary Report of the Trustee on its Administration, tabled and discussed at the first meeting of creditors, the Trustee advised that, given the quantum of remaining secured claims as of the date of bankruptcy, it was expected that there would be no unencumbered assets available to the Trustee for realization and distribution to the unsecured creditors. That assessment has not changed.

6.9 The Receiver, with the consent of EHG SE, has provided limited funding to the Trustee to cover statutory requirements and other appropriate activities to administer the bankrupt estate.

6.10 Following the conclusion of the Receivership Proceedings, the Trustee intends to take the required steps to conclude its administration of the bankrupt estate.

Prior Sealing Orders

6.11 In accordance with the Interim Distribution, Approval of Fees and Disbursements, and Unsealing Order, Confidential Appendix "C" to the Second Report, which was sealed by the Ancillary Administration Order made by this Court on June 17, 2019, was unsealed and placed in the Court file such that it forms part of the public record. The Inspector in the EHGNA bankruptcy initiated the request for the unsealing and, accordingly, a copy of the appendix was provided to the Inspector by the Receiver.

**7.0 RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS**

7.1 A summary of the Receiver's Interim Statement of Receipts and Disbursements for the period January 12, 2020 to May 25, 2022 (the "**Reporting Period**") is provided below (amounts in \$000s):

<b>Receipts &amp; Disbursements</b>	<b>CAD</b>	<b>USD</b>	<b>CAD Equivalent</b>
<i>Figures in '000's</i>	<i>For the period 01/12/2020 through 05/25/2022</i>		
<b>Receipts</b>			
Sale of Company Inventory and Other Assets	-	246	326
Account Receivable Collections	-	0	0
Receiver's Certificate Advances	-	-	-
HST Collected	482	-	482
Other	39	3	42
<b>Total Receipts</b>	<b>\$ 521</b>	<b>\$ 249</b>	<b>\$ 851</b>
<b>Disbursements</b>			
Costs of Goods Sold	\$ -	\$ (146)	(193)
Professional Fees	(712)	-	(712)
Payroll and Employee Amounts	(84)	(1)	(85)
Utilities and Occupancy Costs	(1)	-	(1)
SG&A and Other	(1)	(2)	(3)
HST Paid	(91)	-	(91)
Lien Cure Costs	-	-	-
<b>Total Disbursements</b>	<b>\$ (889)</b>	<b>\$ (148)</b>	<b>\$ (1,086)</b>
<b>Net Cash Flow</b>	<b>\$ (368)</b>	<b>\$ 100</b>	<b>\$ (235)</b>
<b>Distributions to Secured Creditors</b>			
Secured Creditor Distributions	\$ (2,628)	\$ (1,387)	(4,468)
Secured Note Repayments	-	-	-
<b>Total Distributions</b>	<b>\$ (2,628)</b>	<b>\$ (1,387)</b>	<b>\$ (4,468)</b>
<b>Opening Cash Balance</b>	<b>\$ 4,423</b>	<b>\$ 1,359</b>	<b>\$ 6,227</b>
Net Cash Flow after Distributions	(2,995)	(1,287)	(4,703)
Intercompany Transfers	(40)	30	-
<b>Ending Cash Balance</b>	<b>\$ 1,388</b>	<b>\$ 103</b>	<b>\$ 1,525</b>

Receipts – January 12, 2020 to May 25, 2022

7.2 Receipts for the period totaled approximately \$521,000 and US\$249,000, which were comprised primarily of:

- (a) HST refunds of approximately \$482,000; and
- (b) proceeds from the sale of other EHGNA vehicles of approximately US\$246,000.

Disbursements – January 12, 2020 to May 25, 2022

7.3 Disbursements for the period totaled approximately \$889,000 and US\$148,000, which were comprised primarily of:

- (a) professional fees of approximately \$712,000, including approximately \$185,000 paid to third-party consultants to assist with the Insurance Claim and tax matters, approximately \$195,000 paid to the Receiver and approximately \$332,000 to the Receiver's legal counsel;
- (b) costs of goods sold relating to the sale of RV Inventory (including payment for underlying raw chassis for Finished Product sold to facilitate delivery of the underlying MSO or NVIS) of approximately US\$146,000; and
- (c) payment of approximately \$84,000 to the Receiver General for employee source deductions.

Distributions to Secured Creditors – January 12, 2020 to May 25, 2022

7.4 As described above, the Receiver made distributions to EHG SE of \$2,627,747.24 and US\$1,386,853.90 in accordance with the Interim Distribution, Approval of Fees and Disbursements, and Unsealing Order.

7.5 After the proposed additional distributions to EHG SE, the Receiver expects to have sufficient cash available to fund the remainder of the Receivership Proceedings.

## 8.0 RECEIVER'S ACTIVITIES

8.1 In addition to the activities described above, the activities of the Receiver since the date of the Third Report (January 21, 2020) have included the following:

- controlling receipts and disbursements, and managing the Receiver's trust accounts;
- conducting discussions with Finished Product Dealers and in some instances, their third-party financiers, and negotiating and coordinating the sale of Finished Product to Finished Product Dealers and facilitating delivery of MSOs and NVISs;
- coordinating with Cohen Hamilton and Osler regarding the Insurance Claim;
- attending the mediation held on March 31, 2022 and settling the Insurance Claim;
- compiling information and preparing financial statements for purposes of filing outstanding income tax returns and working with MNP LLP to prepare and file the returns;
- liaising with government agencies on HST and source deduction matters;
- regularly communicating with Osler on matters relating to the Receivership Proceedings;
- communicating with EHG SE and its counsel in respect of EHG SE's secured claim;

- preparing and filing with the Office of the Superintendent of Bankruptcy BIA section 246(2) Interim Reports of the Receiver;
- maintaining and updating the Case Website; and
- preparing this Fourth Report and bringing this motion.

## 9.0 PROFESSIONAL FEES AND DISBURSEMENTS

9.1 Pursuant to paragraphs 19 and 20 of the Appointment Order, the Receiver and its legal counsel are entitled to be paid their reasonable fees and disbursements at their standard rates and charges and are required to pass their accounts from time to time.

9.2 The Receiver is seeking the Court's approval of its fees and disbursements, and those of Osler, in connection with the performance of their duties in these Receivership Proceedings, as follows:

- (a) the Receiver in the amount of \$217,996.68 including disbursements and HST, for the period December 1, 2019 to April 23, 2022 (the "**A&M Application Period**"), plus an estimate to complete the Receivership Proceedings not to exceed \$40,000 plus HST; and
- (b) Osler in the amount of \$438,184.84, including disbursements and HST, for the period December 1, 2019 to May 19, 2022 (the "**Osler Application Period**"), plus an estimate to complete the Receivership Proceedings not to exceed \$40,000 plus HST.

- 9.3 The Fee Affidavit of Alan J. Hutchens sworn May 26, 2022 (the “**Hutchens Affidavit**”) attests to the fees and disbursements of the Receiver for the A&M Application Period. A copy of the Hutchens Affidavit is attached hereto as **Appendix “I”**.
- 9.4 The Receiver believes that the invoices attached to the Hutchens Affidavit accurately reflect the work that was done in connection with this matter and that all of the time spent by the Receiver was reasonable and necessary.
- 9.5 The Fee Affidavit of Tracy C. Sandler sworn May 26, 2022 (the “**Sandler Affidavit**”) attests to the fees and disbursements of Osler for the Osler Application Period. A copy of the Sandler Affidavit is attached hereto as **Appendix “J”**.
- 9.6 The Receiver confirms that the fees and disbursements set out in the Sandler Affidavit relate to advice and assistance sought by the Receiver. It is the Receiver’s view that the fees and disbursements of Osler are reasonable and appropriate in the circumstances.

## **10.0 CONCLUSIONS AND RECOMMENDATIONS**

- 10.1 Based on the foregoing, the Receiver respectfully recommends that the Court make the orders granting the relief sought in the Receiver’s Notice of Motion and described in paragraph 1.7 of this Fourth Report.

All of which is respectfully submitted this 26<sup>th</sup> day of May, 2022.

**Alvarez & Marsal Canada Inc., in its capacity as Receiver and Manager of  
Erwin Hymer Group North America, Inc., and not in its personal capacity**



Per: Alan J. Hutchens  
Senior Vice-President



Per: Stephen Ferguson  
Senior Vice-President