



No. S-217202
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

PLW INVESTMENT LTD.

PETITIONER

AND

**1025332 B.C. LTD., 1025334 B.C. LTD., 1025336 B.C. LTD., CHONGYE
DEVELOPMENTS LTD., WASHINGTON PROPERTIES (POINT GREY) INC.,
WASHINGTON PROPERTIES (QEP) INC., LUCKY FIVE INVESTMENTS LTD.,
1094321 B.C. LTD., PRARDA DEVELOPMENTS CORPORATION, 1256306 B.C. LTD.,
1256319 B.C. LTD., AMY BARSHA WASHINGTON (A.K.A. FENGYUN SHAO),
EDISON WASHINGTON (A.K.A. QIANG WANG), LINDA WASHINGTON, 35 PARK
PARKING INC. AND EARLSTON MORTGAGE CORP.**

RESPONDENTS

**SECOND REPORT OF THE RECEIVER
ALVAREZ & MARSAL CANADA INC.**

June 14, 2023



ALVAREZ & MARSAL

TABLE OF CONTENTS

1.0	INTRODUCTION.....	- 2 -
2.0	PURPOSE OF THE FIRST REPORT	- 3 -
3.0	ACTIVITIES OF THE RECEIVER	- 3 -
4.0	SALE OF 605-5033 CAMBIE.....	- 5 -
5.0	EXPANSION OF RECEIVERSHIP TO INCLUDE SL 70	- 7 -
6.0	RECEIVER'S CONCLUSION AND RECOMMENDATIONS.....	- 7 -

1.0 INTRODUCTION

- 1.1 On October 27, 2022 (the “**Receivership Date**”), upon the application of PLW Investment Ltd. (“**PLW**” or the “**Petitioner**”), Alvarez & Marsal Canada Inc. (“**A&M**”) was appointed as receiver and manager (the “**Receiver**”), pursuant to an order (as subsequently amended on November 7, 2022, the “**Receivership Order**”) granted by the Honourable Justice Giaschi in the Supreme Court of British Columbia (the “**Court**”), in respect of certain lands and other assets, undertakings and property of 1025332 B.C. Ltd. (“**5332**”), 1025334 B.C. Ltd. (“**5334**”), 1025336 B.C. Ltd. (“**5336**”), Chongye Developments Ltd. (“**Chongye**”), Washington Properties (Point Grey) Inc. (“**Properties (PG)**”), Washington Properties (QEP) Inc. (“**Properties (QEP)**”), Lucky Five Investments Ltd. (“**Lucky Five**”), 1094321 B.C. Ltd. (“**321**”), Prarda Developments Corporation (“**Prarda**”), 1256306 B.C. Ltd. (“**125**”), 1256319 B.C. Ltd. (“**319**”), Amy Barsha Washington (a.k.a. Fengyun Shao) (“**A. Washington**”), Edison Washington (a.k.a. Qiang Wang) (“**E. Washington**”), and Linda Washington (“**L. Washington**”) (collectively, the “**Debtors**” or the “**Washingtons**”). This matter is hereinafter referred to more generally as, the “**Receivership Proceedings**”.
- 1.2 On November 7, 2022, this Honourable Court granted an order to stay the Receivership Order to December 7, 2022, which stay has been extended by subsequent orders of this Court and most recently to April 7, 2023. The Receiver’s appointment resumed on April 8, 2023 (the “**Resumption Date**”).
- 1.3 At the Resumption Date, there were twenty-one lots and properties of the Debtors (the “**Washington Properties**”) that were subject to these Receivership Proceedings, which are located in or around Vancouver and West Vancouver, British Columbia (“**B.C.**”).
- 1.4 On April 26, 2023, on the application of the Petitioner, this Honourable Court granted a stay against the Receivership Order in respect of two Washington Properties with the legal addresses (i) Strata Lot 60, Block 839, Plan EPS4950, District Lot 526, Group 1, New Westminster Land District (“**SL 60**”), and (ii) Strata Lot 163, Block 839, Plan EPS4950, District Lot 526, Group 1, New Westminster Land District (“**SL 163**”).
- 1.5 On April 28, 2023, this Honourable Court approved the sale of one of the Washington Properties located at 835 Eyremount Drive, West Vancouver, B.C.
- 1.6 On June 8, 2023, the Receiver filed a notice of application with this Honourable Court seeking approval of (i) the sale of one of the Washington Properties located at 605-5033 Cambie Street, Vancouver, B.C. (“**605-5033 Cambie**”) (the “**605-5033 Cambie Order**”); and (ii) expansion of the Receivership Order (the “**Expansion Order**”) to add Strata Lot 70 of the Public Harbour of

Burrard Inlet NWD Strata Plan LMS3057 (“**SL 70**”), with civic address 1203-535 Nicola Street, Vancouver, B.C. (“**535 Nicola**”), to these Receivership Proceedings.

- 1.7 As of the date of this second report of the Receiver (the “**Second Report**”), there are currently eighteen Washington Properties that remain subject to these Receivership Proceedings, and include three residential detached homes, twelve strata lots and three vacant lots.
- 1.8 The Receivership Order along with select application materials and other documents filed in the Receivership Proceedings are available for review by interested parties and posted on the Receiver’s website at www.alvarezandmarsal.com/washingtonproperties.

2.0 PURPOSE OF THE SECOND REPORT

- 2.1 This Second Report has been prepared to provide this Honourable Court with information regarding the following:
 - a) an update on the activities of the Receiver since the first report of the Receiver dated April 26, 2023 (the “**First Report**”);
 - b) an update on the proposed sale of 605-5033 Cambie;
 - c) an overview of the proposed expansion of these Receivership Proceedings to include SL 70; and
 - d) the recommendations of the Receiver.

3.0 ACTIVITIES OF THE RECEIVER

- 3.1 Since the First Report, the Receiver’s activities have included the following:

Possession, Preservation and Marketing of Properties

- a) meeting with the Debtors at the Debtors’ office premises to collect the Washington Properties’ keys and attending to discussions with respect to leasing of the office premises and timing to gather information previously requested by the Receiver;
- b) attending to numerous correspondence with the Debtors and their counsel to request information in respect of the Washington Properties including, but not limited to, banking details, B.C. Speculation and Vacancy Tax and Empty Homes Tax declarations;
- c) securing possession and preparing an inventory of the Debtors’ assets;
- d) obtaining adequate insurance coverage over the Washington Properties;
- e) reviewing marketing proposals by a number of potential listing agents and engaging two listing agents to market certain of the Washington Properties, as well as reviewing and approving costs related to preparing the properties for sale;

- f) reviewing offers received to date, in consultation with the Petitioner and listing agent, and directing the Receiver's legal counsel, Dentons Canada LLP ("**Dentons**"), to advance the offers;
- g) accepting two offers on two separate Washington Properties (including 605-5033 Cambie), which remain subject to approval by this Honorable Court;
- h) reviewing appraiser proposals and engaging an appraiser to provide valuations of the Washington Properties;
- i) engaging a property manager to manage the affairs of the Washington Properties including, among other things, responding to tenant requests, coordinating tradespeople for repairs, providing access to the Washington Properties for realtors, potential buyers, and an appraiser;
- j) collecting rents and depositing same into the trust account of the Receiver as well as corresponding with various tenants regarding rent matters and issuing a notice to end tenancy to one tenant due to non-payment of rents pursuant to the *Residential Tenancy Act* (British Columbia);
- k) instructing Dentons to assist with various matters including, but not limited to, the request for various information from the Debtors, reviewing offers received on certain of the Washington Properties and drafting an addendum in respect of the offer on 605-5033 Cambie, and reviewing various tax matters;

Stakeholder Communications

- l) attending to various discussions with the Petitioner and its legal counsel, in relation to various matters including, among other things, the status of the sales and marketing efforts of the Washington Properties, and tenancy and rental matters;
- m) reviewing draft Court materials related to a separate stay receivership application made by the Petitioners in respect of SL 60 & SL 163;

Statutory and Other Responsibilities

- n) preparing this Second Report;
- o) reviewing draft Court application materials and providing comments to Dentons;
- p) preparing and reviewing payments as well as reconciling cash receipts and disbursements;
- q) updating the Receiver's website with pertinent information relating to the Receivership Proceedings; and
- r) attending to government reporting matters including, among other things, reviewing status of declarations related to the Vacancy Homes Tax, B.C. Speculation Tax and attending to correspondence with the Canada Revenue Agency regarding deemed trust claims.

4.0 SALE OF 605-5033 CAMBIE

Receiver's Powers

4.1 Pursuant to section 2 of the Receivership Order, the Receiver is authorized to, among other things:

2... (k) market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver considers appropriate;

(l) sell, convey, transfer, lease or assign the Property or any part of parts thereof out of the ordinary course of business:

i. without the approval of this Court in respect of a single transaction for consideration up to \$50,000 provided that the aggregate consideration for all such transactions does not exceed \$250,000; and

ii. with the approval of this Court in respect of any transaction in which the individual or aggregate purchase price exceeds the limits set out in subparagraph (i) above, and in each such case notice under Section 59(10) of the Personal Property Security Act, R.S.B.C. 1996, c. 359 shall not be required;

(m) apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers, free and clear of any liens or encumbrances;

Marketing of the Property

4.2 Prior to these Receivership Proceedings, 125, the registered owner of 605-5033 Cambie, had retained LDG Realty ("LDG") in March 2023 to market for sale certain of the Washington Properties including 605-5033 Cambie. 605-5033 Cambie was listed for a sale price of \$1.888 million on March 3, 2023 and the marketing efforts of LDG consisted of listings on multiple listing services, print advertising and social media. The marketing report of LDG is appended to the Affidavit #1 of Avic Arenas sworn June 8, 2023 in these application materials and is not attached herewith.

4.3 The joint-purchasers of 605-5033 Cambie, Arash Tavakkoli Jou and Bahar HaFezi (collectively, the "**Purchaser**"), are the current tenants of one of the Washington Properties located at 505-5033 Cambie, Street, Vancouver, B.C. ("**505-5033 Cambie**"). The Purchaser was in the process of closing a transaction on the purchase of 505-5033 Cambie in or around March 2023. However, the Purchaser ultimately did not consummate a sale transaction on 505-5033 Cambie and subsequently changed course and notified LDG of its intention to purchase 605-5033 Cambie, provided the Debtors agree to certain terms and conditions. In or around April 2023, the Receiver, following

consultation with the Petitioner, directed Dentons to finalize terms of the offer on 605-5033 Cambie and on May 18, 2023, the Receiver accepted the offer in the amount of \$1.728 million on 605-5033 Cambie (the “**Accepted Offer**”), subject to approval of this Honourable Court.

- 4.4 Key terms of the Accepted Offer include, among other things, (i) a possession date that is 11 business days following Court approval (earliest by July 7, 2023, assuming approval from this Honourable Court is granted on June 21, 2023, the “**Possession Date**”); (ii) the Purchaser will be entitled to remain in 505-5033 Cambie until six weeks after the Possession Date to complete renovations to 605-5033 Cambie, and no rent will be paid by the Purchaser to 125 during this time; (iii) the property is sold on an “as is – where is” basis; (iv) the sale of property does not include personal property or chattels, other than the personal property of the registered owner(s) of the property that is located at the property; and (v) the sale is subject to Court approval.

Commission Rate

- 4.5 Pursuant to the listing agreement dated March 3, 2023, entered into between 125 and LDG, 125 agreed to pay a total commission equal to 7% of the first \$100,000 of gross sale proceeds, and an additional 2.5% of the balance. Accordingly, in respect of the Accepted Offer, the total commission amount would be \$47,700 (the “**Total Commission Amount**”), of which the listing agent would receive the Total Commission Amount as the Purchaser did not have a realtor.

Receiver’s Comments on the Sale of 605-5033 Cambie

- 4.6 Upon expiry of the stay of the Receivership Order on April 7, 2023, the Receiver had exclusive conduct of sale of 605-5033 Cambie and is supportive of the sale for the following reasons:
- a) the Accepted Offer of \$1.728 million is aligned with the market rates for properties similar to 605-5033 Cambie and has a near-term closing date set for as early as July 7, 2023;
 - b) the Accepted Offer provides for the repayment of the Petitioner’s mortgages and liens held by the Strata Owners under Plan EPS4950;
 - c) the sale transaction will allow the Receiver to avoid incurring additional holding costs in respect of 605-5033 Cambie, including preservation costs and professional fees;
 - d) the primary secured creditor, PLW, and the registered owner, 125, are supportive of the sale; and
 - e) it is the Receiver’s view that 605-5033 Cambie was marketed in a manner that was fair and reasonable and the transaction is in the best interest of the creditors.

5.0 EXPANSION OF RECEIVERSHIP TO INCLUDE SL 70

- 5.1 535 Nicola is a property that is comprised of two strata lots: Strata Lot 69 (PID: 024-010-499, “SL 69”) and Strata Lot 70 (PID: 024-010-502, SL 70) of the Public Harbour of Burrard Inlet NWD Strata Plan LMS3057. SL 69 and SL 70 were combined into one unit prior to the Debtors’ purchase, when the wall between the two units was demolished. L. Washington is the registered owner of both SL 69 and SL 70.
- 5.2 Pacifica Mortgage Investment Corporation (“**Pacifica**”) and CTJ Investments Inc. (“**CTJ**”) hold first- and second-ranking mortgages, respectively, over both SL 69 and SL 70. The Petitioner holds a third-ranking mortgage over SL 69, but not SL 70. Accordingly, the Receivership Order initially only granted the Receiver authority over SL 69.
- 5.3 Given the fact that SL 69 and SL 70, while separate legal lots, have been combined into one unit, the Receiver is of the view that it is impractical to market and sell SL 69 without SL 70. Accordingly, it is the Receiver’s view that possession of both SL 69 and SL 70 would allow the Receiver, and its selected listing agent, to market 535 Nicola to its fullest potential, generate the highest offers on the property and ultimately maximize recovery to creditors, including Pacifica and CTJ. Further, the Receiver understands that L. Washington and the Petitioner are supportive of adding SL 70 to these Receivership Proceedings.

6.0 RECEIVER’S CONCLUSION AND RECOMMENDATIONS

- 6.1 Based on the reasons set out in section 4.6 and 5.3 above, the Receiver respectfully recommends that this Honourable Court approve (i) the 605-5033 Cambie Order, and (ii) the Expansion Order.

All of which is respectfully submitted to this Honourable Court this 14th day of June, 2023.

Alvarez & Marsal Canada Inc.,
in its capacity as Receiver of the Washington Properties and
not in its personal capacity


Per: Pinky Law
Vice President