

COURT FILE/ESTATE NUMBER Q.B. No. 915 of 2019

COURT COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

**IN THE MATTER OF THE RECEIVERSHIP OF
BECKERLAND FARMS INC.**DOCUMENT **FIRST REPORT OF THE RECEIVER**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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EXHIBITS

Exhibit A	Webpage copies of Wroxton facility of Beckerland Farms Inc.
Exhibit B	Webpage copies of Canora facility of Beckerland Farms Inc.
Exhibit C	Land title registry report for Wroxton facility
Exhibit D	Land title registry report for Canora facility
Exhibit E	Draft sale package
Exhibit F	S&D Solonenko Farms contract and cashed cheque
Exhibit G	Corporate Search results for 102016217 Saskatchewan Ltd.
Exhibit H	Mr. Perpeluk contract and cashed cheque
Exhibit I	July 15, 2019 demand letter to 102016217 Saskatchewan Ltd.
Exhibit J	Agreement between the Receiver and S&D Solonenko Farms
Exhibit K	Agreement between the Receiver and Mr. Perpeluk

INTRODUCTION AND BACKGROUND

1. On July 5th, 2019, pursuant to the Order of the Honourable Madam Justice A.R. Rothery, MNP Ltd. was appointed Interim Receiver (the "Interim Receiver"), without security, of all of the assets, undertakings and properties of Beckerland Farms Inc. ("Beckerland Farms" or the "Debtor") acquired for, or used in relation to the business carried on by the Debtor, including all proceeds thereof (the "Interim Receivership Appointment Order").
2. On July 11th, 2019, pursuant to the Order of the Honourable Madam Justice A.R. Rothery, MNP Ltd. was appointed Receiver (the "Receiver"), without security, of all of the assets, undertakings and properties of Beckerland Farms acquired for, or used in relation to the business carried on by the Debtor, including all proceeds thereof (the "Receivership Order").
3. Beckerland Farms was in the grain storage and drying business and has two operational premises located in Canora, SK and Wroxton, SK (the "Canora Facility" and the "Wroxton Facility"). Beckerland Farms' client base consists primarily of farmers in the Canora, Wroxton and Yorkton areas.
4. Beckerland Farms' webpage (www.beckerlandfarms.com) outlines the grain storage business that it conducted in both locations, providing customers with details about various services and photographs of the facilities. Copies of the Beckerland Farms webpages for the Wroxton Facility and the Canora Facility are attached as Exhibits "A" and "B" respectively. Access to the webpage is still available to the public as of August 16, 2019.
5. The facilities are owned by Beckerland Farms. No other entity is registered on the land title registry as having an ownership interest in the facilities. Copies of the Land title registry reports for the Wroxton Facility and the Canora Facility are attached as Exhibits "C" and "D" respectively.
6. Beckerland Farms has storage capacity for grain of approximately 2 million bushels between its two operational facilities. Grain drying and storage is a critical requirement for farmers during harvest season and Beckerland Farms has provided grain storage services to local farmers to accommodate grain purchase contracts and other longer term storage needs that the local farming community may have.

PURPOSE OF THIS REPORT

7. The Receiver is seeking the following:
 - a. Approval of the Receiver's Activities to date;
 - b. Approval of a sales process for the Beckerland Farms assets; and
 - c. Advice and direction in relation to the release of grain sale proceeds currently held in trust relating to unpaid grain storage services provided by Beckerland Farms and the Receiver's claim of lien against such grain sale proceeds.

ACTIVITIES OF THE RECEIVER

8. To date, the Interim Receiver/Receiver has
 - Attended the premises of Beckerland Farms;
 - Corresponded and met with the principal of Beckerland Farms, Mr. Tyson Becker ("Mr. Becker"), creditors and local farmers;
 - Notified the RCMP of a break in at the Canora Facility; filed corresponding reports and provided photographs to the RCMP;
 - Arranged insurance on the assets;
 - Corresponded with 102016217 Saskatchewan Ltd ("102016217") regarding the generation of revenue utilizing Beckerland Farm assets;
 - Engaged an independent appraisal of the assets;
 - Contacted auctioneers for proposals to sell assets; and
 - Negotiated with farmers regarding the release of grain in the possession of the Receiver on the date of receivership.

ACTIVITIES OF THE RECEIVER – SALES PROCESS

9. We understand that grain storage and drying services provided by Beckerland assets relate to the harvest. If the assets are not marketed and sold shortly, there is a strong likelihood that the Receiver would have to hold the assets until next year's harvest, when the need is at its peak (failing which such assets would be sold at a significant discount). Therefore, the Receiver has prepared a sales package of the Beckerland Farms assets, outlining the requirement of Court approval, along with terms and conditions, and a form of offer sheet that is attached as Exhibit "E". The Receiver proposes to close the offer period on September 20, 2019. The Receiver would then proceed to obtain Court approval, on the basis of the Receiver having received an acceptable offer for the

Court's consideration.

CLAIMS TO GRAIN IN STORAGE

10. On July 5, 2019, in our capacity as Interim Receiver, we attended the Debtor's two operational premises. At the Wroxton facility, an individual was attempting to load grain from a grain bin owned by Beckerland Farms.
11. The individual was advised of the Interim Receivership Order and was told that removal of the grain was not allowed. In speaking with the farmer who had contracted with the individual to remove the grain, Cortney Solonenko of S&D Solonenko Farms Ltd. ("S&D Solonenko Farms"), the Interim Receiver was advised that S&D Solonenko Farms held a contract for grain storage until July 2019. The Interim Receiver requested all documentary support for the contract in question. Mr. Solonenko provided the Interim Receiver with a contract dated August 28, 2018 in the amount of \$126,000 (inclusive of GST) (the "Solonenko Grain Storage Contract"). The Solonenko Grain Storage Contract listed 102016217 and not Beckerland Farms as the provider of storage services and facilities even though the facilities being used to store the grain were owned by Beckerland Farms. Equipment owned by Beckerland Farms appears to have been used to load, store, cool and preserve the grain in the Beckerland storage facilities.
12. Attached as **Exhibit "F"** is a copy of the Grain Storage Contract, together with a copy of a \$126,000 cancelled cheque payable to 102016217 provided to the Interim Receiver by S&D Solonenko Farms Ltd. evidencing payment of the amount due under the Solonenko Grain Storage Contract.
13. Attached as **Exhibit "G"** is a July 8, 2019 Saskatchewan Corporate Registry Profile Report for 102016217 that indicates that 102016217 was incorporated on March 1, 2017. Mr. Becker is listed as 102016217's sole Director, Officer and Shareholder.
14. On July 12, 2019, another farmer provided to the Receiver copies of two Grain Storage Contracts between himself and 102016217 for grain storage and grain turning. The Grain Storage Contracts dated December 14, 2018 and March 26, 2019 between Mr. Clarence Perpeluk ("Mr. Perpeluk") and 102016217 are attached as "**Exhibit H**". Again, Mr. Perpeluk had paid 102016217 the full amount of the \$10,522.47.
15. Subsequent to the Receivership Order, the Receiver advised both S&D Solonenko

Farms and Mr. Perpeluk that Beckerland Farms was the owner of the grain storage facilities and the provider of the grain storage services and that Beckerland Farms has a commercial lien claim over the grain being held in Beckerland Farms' storage facility pursuant to *The Commercial Liens Act*.

16. The Receiver issued a formal demand for payment to 102016217 on July 15, 2019 for the amounts due to Beckerland Farms' pursuant to its lien. A copy of the July 15, 2019 letter is attached as "**Exhibit I**".
17. Mr. Becker and 102016217 were contacted to provide copies of any agreements between 102016217 and Beckerland Farms regarding the use of the Beckerland Farms assets by 102016217. Mr. Becker advised the Receiver in a meeting on July 18, 2019 that no such agreements were made. The Receiver also followed up on the July 15, 2019 demand letter to 102016217 and Mr. Becker advised that neither he nor 102016217 had the financial ability to satisfy the amounts owing to the Receiver in regard to its lien.
18. The Receiver reached agreements with both S&D Solonenko Farms and Mr. Perpeluk to allow the release of the grain being held, so that grain contracts that both parties had for the sale of their grain to third parties could be met.
19. S&D Solonenko Farms has paid in trust with their lawyer, Shawn Patenaude Legal Professional Corporation (SPLPC), \$105,000, being the net balance of the Grain Storage Contract in Exhibit A, less the \$21,000 refund 102016217 issued back to S&D Solonenko Farms for a bin that was not required. A copy of the letter agreement executed between the Receiver and S&D Solonenko Farms is attached as "**Exhibit J**".
20. Mr. Perpeluk has also retained SPLPC to act in this matter and has paid in trust \$10,522.47, being the amount of the Grain Storage Contract in Exhibit C. A copy of the letter agreement executed between the Receiver and Mr. Perpeluk is attached as "**Exhibit K**".
21. MLT Aikins LLP, counsel to the Receiver, has reviewed the Receiver's claim under *The Commercial Liens Act* and provided advice to the Receiver in that regard.
22. The amounts referenced in paragraphs 19 and 20 (collectively referred to as the "Commercial Lien Trust Funds") represent the full value of the grain storage services

provided to S & D Solonenko Farms Ltd. and Clarence Perpeluk utilizing Beckerland Farms assets. These claims total \$115,522.47. Beckerland Farms provided the facility to S&D Solonenko Farms and Mr. Perpeluk and received no compensation for this service. Mr. Becker confirmed that there was no agreement between 102016217 and Beckerland Farms authorizing 102016217 to use the facility.

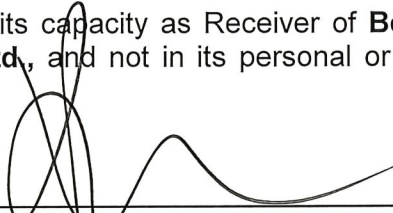
CONCLUSIONS AND RECOMMENDATIONS

23. Based on the foregoing, the Receiver seeks the Court's approval for the following:
- d. Approval of the Receiver's activities to date;
 - e. An order approving the Receiver's sale package and process as described in Exhibit E; and
 - f. An Order declaring that the Receiver has a valid lien on the Commercial Lien Trust Funds pursuant to *The Commercial Liens Act* and directing that the Commercial Lien Trust Funds be paid to the Receiver.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 16th day of August, 2019.

MNP Ltd.

Solely in its capacity as Receiver of **Beckerland Farms Ltd.**, and not in its personal or corporate capacity



Per: Victor P. Kroeger, CIRP, LIT, CPA, CA, CFE
Senior Vice President