



No. S235026  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c.  
C-36F

AND

IN THE MATTER OF THE CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985, c. C-44,  
and THE BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57,

AND

IN THE MATTER OF THE JOSEPH RICHARD HOSPITALITY GROUP LTD.  
AND THOSE PARTIES LISTED ON SCHEDULE "A"

**PETITIONERS**

**FIRST MONITOR'S REPORT**

**ERNST & YOUNG INC.**

**July 26, 2023**

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## INTRODUCTION

1. On July 17, 2023 (the “**Filing Date**”), pursuant to an order (the “**Initial Order**”) granted by the Supreme Court of British Columbia (the “**Court**”), the Joseph Richard Hospitality Group Ltd. and those 38 other petitioners listed hereto at **Appendix “A”** (each a “**Petitioner**”, and collectively, the “**Petitioners**” or “**JRG**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and Ernst & Young Inc. (“**EYI**”) was appointed monitor of the Petitioners (in such capacity, the “**Monitor**”).
2. The Comeback Application (defined below) is scheduled to be heard on July 27, 2023.
3. Pursuant to the terms of the Initial Order, among things, this Honourable Court:
  - a) granted a stay of proceedings in favour of the Petitioners and their directors and officers (the “**Stay of Proceedings**”) to July 27, 2023 (the “**Stay Period**”);
  - b) authorized the Petitioners (subject to the restrictions under the CCAA) to dispose of redundant and non-material assets not exceeding \$25,000 in any one transaction or \$100,000 in the aggregate (the “**Redundant Assets Provision**”);
  - c) authorized the Petitioners, with the consent of the Monitor, to pay certain third-party suppliers or service providers for certain pre-filing amounts owing, if such payments were considered critical to the continued operation of the Petitioners; and
  - d) granted the following charges (together, the “**CCAA Charges**”) over all of the Petitioners’ current and future assets, property and undertakings (collectively, the “**Property**”) ranking in priority to all other interests in the Property other than certain parties with potential secured claims who had not received notice of these CCAA proceedings at the time of the Initial Order hearing:

- i. a charge in the amount of \$200,000 in favour of the Petitioners' legal counsel, the Monitor, and the Monitor's legal counsel to secure payment of their respective fees and disbursements (the "**Administration Charge**"); and
  - ii. a charge in the amount of \$300,000 in favour of the Petitioners' directors and officers (the "**Directors**") to secure the Petitioners' indemnity obligations to such persons (the "**Directors**").
4. On July 24, 2023 (and amended on July 25, 2023), the Petitioners filed Notices of Application returnable July 27, 2023 (collectively, the "**Comeback Application**"), seeking, among other things, the following relief:
  - a) an order (the "**ARIO**") amending and restating the terms and provisions of the Initial Order including to provide for:
    - i. an extension of the Stay Period to and including September 29, 2023 (the "**Stay Extension**");
    - ii. an increase in the Administration Charge from \$200,000 to \$400,000; and
    - iii. an increase in the D&O Charge from \$300,000 to \$1,000,000;
    - iv. the elevation of the priority of the Administration Charge and the D&O Charge in respect of the secured creditors who did not receive notice of the initial order hearing, but who have been provided notice of the Comeback Application;
    - v. an inter-company charge to secure amounts owing between the Petitioners in circumstances in which a Petitioner lends money from another Petitioner, incurs an obligation on behalf of another Petitioner or discharges an obligation of another Petitioners; and

- vi. the addition of Townhall Holdings (South Surrey) Ltd., Townhall Holdings (Coquitlam) Ltd., and Micky's Investments (Coquitlam) Ltd. (together, the "**Additional Petitioners**") as Petitioners to this proceeding; and
- b) an order (the "**Claims Process Order**") approving a claims process (the "**Claims Process**") to identify and quantify creditors' claims against the Petitioners.

## PURPOSE OF THIS REPORT

- 5. The purpose of this First Report is to provide this Honourable Court with:
  - a) an update on the Monitor's activities since the Initial Order;
  - b) the details of EYI's qualifications to act as Monitor;
  - c) general background regarding the Petitioners, including their financial difficulties, assets and liabilities;
  - d) a discussion of certain issues with the historical reporting to the Petitioners' primary Secured Creditors;
  - e) the proposed Claims Process;
  - f) the Petitioner's statement of projected cash flow for the thirteen (13) week period beginning July 17, 2023, and ending October 15, 2023; and
  - g) the Petitioners request for an extension of the Stay Period to September 29, 2023.
- 6. EYI is filing this report (the "**First Report**") in its capacity as court-appointed Monitor of the Petitioners. Court materials filed in these proceedings, including the materials filed by the Petitioners in support of the Initial Order and the relief sought on the Comeback Application, are available at the website established by the Monitor in respect of these proceedings at: [www.ey.com/ca/JRG](http://www.ey.com/ca/JRG) (the "**Monitor's Website**").

7. Capitalized terms not otherwise defined in this First Report have the meanings given to them in the Comeback Application and the various materials filed by the Petitioners in support thereof, including, a) Affidavit #1 Mr. André Joseph Bourque sworn July 14, 2023 (the “**First Bourque Affidavit**”), b) Affidavit #2 of Mr. André Joseph Bourque sworn July 24, 2023 (the “**Second Bourque Affidavit**” and, collectively, the “**Comeback Application Materials**”).
8. This First Report should be read in conjunction with the Comeback Application Materials, as certain information contained in the Comeback Application Materials has been omitted herein so as to avoid unnecessary duplication.
9. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.

#### **TERMS OF REFERENCE**

10. In preparing this First Report and making the comments herein, the Monitor has been provided with, and has herein relied upon, unaudited financial information, books, records and financial information prepared by the Petitioners, discussions with management of the Petitioners, and information from other third party sources (collectively, the “**Information**”). Except as described in this First Report, in respect of the Cash Flow Forecast:
  - a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountants Canada Handbook* and, accordingly, the Monitor expresses no

opinion or other form of assurance contemplated under GAAS in respect of the Information; and

b) some of the information referred to in this First Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

11. Future oriented financial information referred to in this First Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not readily and currently ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be material.
12. Unless otherwise indicated, the Monitor's understanding of factual matters expressed in this First Report concerning the Petitioners and their business is based on the Information, and not independent factual determinations made by the Monitor.
13. For the purposes of this report, "**Management**" means Mr. André Bourque ("**Mr. Bourque**") and Mr. Ryan Moreno ("**Mr. Moreno**"), both founders of JRG, as well as Mr. Alfred Zagloul (the current Fractional Financial Officer "**FFO**") and Mr. George Tachejian ("**Mr. Tachejian**") (Vice President).

#### **MONITOR'S ACTIVITIES SINCE THE INITIAL ORDER**

14. Since the granting of the Initial Order, the Monitor, among other things, has:
  - a) engaged extensively with the Petitioners' management team, the Petitioners' counsel, and its own counsel regarding all aspect of these CCAA Proceedings,

- including and in particular by assisting with formulating the proposed Claims Process, and reviewing and commenting on the Comeback Application Materials;
- b) initiated some discussion with the Petitioners' primary secured creditor, Canadian Western Bank ("**CWB**"), regarding the CCAA proceeding and the current state of the Petitioners' business with a view to advancing a plan of compromise or arrangement (a "**Plan**");
  - c) monitored the Petitioners' receipts and disbursements and established a weekly cash flow review protocol;
  - d) consulted the Petitioners on stakeholder communications including with major suppliers and landlords;
  - e) met in person with Mr. Moreno and Mr. Tachejian for an approximately 2.5-hour meeting to discuss the affairs of the Company and to assist in the development of a Plan;
  - f) performed a preliminary inquiry and analysis into certain issues in prior reporting to CWB (as noted in the First Bourque Affidavit and the Second Bourque Affidavit and discussed below);
  - g) responded to various creditor and stakeholder inquiries;
  - h) pursuant to the terms of the Initial Order and the provisions of the CCAA:
    - i. on July 20, 2023, and July 21, 2023, e-mailed or mailed a notice to every known creditor having a claim against the Petitioners of more than \$1,000 advising them that the Petitioners have commenced the CCAA Proceedings and that a copy of the Initial Order, along with other relevant documents, has been posted to the Monitor's Website (the "**CCAA Notice**"). A copy of the CCAA Notice is attached hereto as **Appendix "B"**;



- ii. posted the CCAA Notice, the Initial Order, and copies of other relevant documents in these CCAA Proceedings to the Website; and
- iii. arranged for the publication of the CCAA Notice in the *Vancouver Sun* (the “**Newspaper Advertisement**”), which publication was issued on July 25, 2023. A copy of the Newspaper Advertisement is attached hereto as **Appendix “C”**.

### **QUALIFICATIONS OF EYI TO ACT AS MONITOR**

15. EYI is a licensed trustee within the meaning of section 2 of *Bankruptcy and Insolvency Act*, R.S.B.C. 1985, c. B-3, as amended, and has extensive experience acting as Monitor pursuant to the provisions of the CCAA in many of Canada’s largest restructurings. EYI is not subject to any of the restrictions set out in section 11.7(2) of the CCAA. EYI has consented to act as monitor in these CCAA Proceedings. A copy of EYI’s consent to act as Monitor was attached as Exhibit “V” to the First Bourque Affidavit.
16. The Monitor has retained Bennett Jones LLP (“**Bennett Jones**”) to act as its independent counsel in these CCAA proceedings.

### **BACKGROUND**

17. The following section of this report provides general background information relating to the Petitioners, a description of their business and operations, the causes of their financial difficulties and an overview of their assets and liabilities. Further information on these topics may be found in First Bourque Affidavit.

## **Organizational Overview**

18. The Petitioners operate a series of restaurants, pubs, liquor stores, events and hospitality businesses, and wineries in the Lower Mainland region of British Columbia. They are collectively known as “the Joseph Richard Group” which was founded by Mr. Bourque and Mr. Moreno in 2009. The Petitioners’ primary assets include two real estate holdings (described below) as well as goodwill in the hospitality industry. JRG is known throughout the lower mainland for their style of upscale-casual pub restaurants. JRG was the Western Canada Hospitality group of the year in 2019 and was listed as one of the 100 fastest-growing companies in British Columbia by Business in Vancouver in 2017 and 2018. This goodwill ensures that the Petitioners can hire and retain quality staff, which is critical to the smooth operation of the Petitioners’ businesses. The Petitioners have positive relationships with suppliers and trades.
19. The First Bourque Affidavit describes that the Petitioners operate 22 establishments and ventures (the “**Hospitality Entities**”), which are primarily held in companies owned in whole or part by Joseph Richard Investments Ltd. (“**JRIL**”) and Joseph Richard Hospitality Group Ltd. (“**Hospitality**”).
20. JRIL is owned 50% by Bourque through his holding company, Joseph Bourque Investments Ltd. and 50% by Moreno through his holding company, Ad Prolem Capital Investments Ltd. Some of the Petitioners are also owned in part by Tachejian, who is currently the Vice-President of the Joseph Richard Group.
21. Joseph Richard IP Holdings Ltd. is a holding company that holds the intellectual property assets for the Joseph Richard Group.
22. An organizational chart was attached as Exhibit “A” to the Second Bourque Affidavit.

23. The Petitioners' assets including the following holding companies, entities and enterprises that possess real property or are currently in operation:

Enterprise	Secured by		
	CWB (1)	CWB (2)	BMO (3)
<p>JRG Cloverdale Holdings Ltd. (“<b>JRGCVL</b>”), which owns a building located at 5708 176<sup>th</sup> Street in Surrey (the “<b>Clover Building</b>”) that houses the current head office of the JRG as well as the Henry (see below)</p> <p>The Clover Building is currently worth approximately \$16.4 million based on a 2021 appraisal.</p>		X	
<p>1164312 B.C. Ltd. (“<b>116</b>”) which owns a strata development (the “<b>Rooster Building</b>”) in Pitt Meadows</p> <p>The Rooster Building is currently under construction and Management estimates there is \$1 to \$1.3 million to complete the project.</p> <p>When complete, JRG intends to open an operate a pub and restaurant in the Roosters Building through an entity incorporated as Phat Bird Public House Ltd. (“<b>Phat Bird</b>”).</p> <p>The Rooster Building is currently worth approximately \$4.7 million based on a 2021 appraisal and will likely be worth approximately \$6.1 million once the development is complete.</p>		X	
JRG Cloverdale Ventures Ltd., which operates the Henry, a bar in Surrey located in the Clover Building.	X		
S & L Kitchen & Bar Holdings Abbotsford Ltd., which operates S+L Kitchen & Bar Abbotsford, in a <b>leased</b> facility in Abbotsford, British Columbia.	X		
S & L Kitchen & Bar Holdings Langley Ltd., which operates S+L Kitchen & Bar Langley, in a <b>leased</b> facility in Langley, British Columbia.	X		
S & L Kitchen & Bar Holdings South Surrey Ltd. , which operates S+L Kitchen & Bar South Surrey, in a <b>leased</b> facility in Surrey.	X		
Livelyhood Public House Ltd., which operates Livelyhood, a pub restaurant in a <b>leased</b> facility Port Moody.	X		
Oak & Thorne Public House Ltd. which operates Oak & Thorne, a bar in a <b>leased</b> facility Langley.	X		
Whiskey Charlie Holdings Ltd., which operates Whiskey Charlie, a café in a <b>leased</b> facility at the Pitt Meadows Airport in Pitt Meadows.	X		

The Italian Osteria and Cheese Bar Ltd., which operates The Italian Osteria & Cheesebar, a restaurant in a <b>leased</b> Langley.	X		
Steveston Hospitality Services Ltd., which operates the following ventures under a management agreement: <ul style="list-style-type: none"> <li>the Steveston Café and Hotel, a hotel in Richmond, British Columbia</li> <li>the Steveston Hotel Liquor Store, a liquor store in Richmond</li> <li>the Buck &amp; Ear, a bar in Richmond.</li> </ul>	X		
Townhall Holdings (Abbotsford) Ltd., which operates Townhall Abbotsford, a pub restaurant in a <b>leased</b> facility Abbotsford.	X		
Townhall Holdings (Chilliwack) Ltd., which operates Townhall Chilliwack, a pub restaurant in a <b>leased</b> facility in Chilliwack.	X		
Townhall Holdings (Maple Ridge) Ltd., which operates Townhall Maple Ridge, a pub restaurant in a <b>leased</b> Maple Ridge.	X		
Townhall Holdings Ltd., which operates Townhall Langley in a leased facility in Langley.	X		
JRG Glass House Estates Winery Ltd., which operates a winery in a <b>leased</b> facility in Langley.			X
JRG Queens LRS Ventures Ltd., which operates a liquor store in a <b>leased</b> facility New Westminster.			X
Blank Canvas Catering Ltd., which operates Blank Canvas Catering, a private dining and catering company in the Lower Mainland.			X
JRG Ledgeview Holdings Ltd., which operates under a management agreement Tavern on the Green, a pub restaurant, and Hillside Event Space, a private event space, both at the Ledgeview golf course in Abbotsford.			X
JRG Clover Station LRS Ltd., which operates a liquor store in a <b>leased</b> facility Surrey.			
JRG WV Ventures Ltd., which operates Wine Vikings, a wine subscription delivery business.			
<p><b>Note (1):</b> The First Bourque Affidavit describes JRGCVL and 116 and the “<b>Real Estate Entities</b>” and the primary borrowers on two term loans from CWB defined as (the “<b>2022 Facilities</b>”) with an aggregate outstanding amount of approximately <b>\$15.2 million</b>. The First Bourque Affidavit further lists the Petitioners which are guarantors of the 2022 Facilities.</p> <p><b>Note (2):</b> The First Bourque Affidavit describes that JRIL is the primary borrower on one term loan and two project loans from CWB defined as (the “<b>2018 Facilities</b>”) with a current aggregate amount outstanding of <b>\$13.6 million</b>. The entities noted above are guarantors of the 2018 Facilities.</p>			

As security for the 2018 Facilities and 2022 CWB Facilities, JRGCL and 116 executed mortgages and assignments of rents in respect of the Lands and in the amount of \$21.6 million.

In addition, in connection with the COVID-19 Pandemic, the Petitioners entered into a further loan agreement with CWB pursuant to the Business Credit Availability Program (“**BCAP**”) in the amount of **\$5.6 million** (the “**BCAP Facility**”) which is for the most part secured by the same entities as the 2018 and 2022 Facilities.

**Note (3):** The First Bourque Affidavit describes that these entities are either borrowers or guarantors under loans provided by the Bank of Montreal (“**BMO**”) (the “**BMO Facilities**”) with a current amount outstanding of approximately **\$2.3 million**.

24. The First Bourque Affidavit further describes a number of Petitioners that are:
- a) “**Future Hospitality Entities**” that include:
    - i. Phat Bird which is intended to be the operating entity for the bar and restaurant proposed for the Rooster Building (as described above); and
    - ii. JRG Foodhall (Vancouver) Ventures Ltd. (“**Foodhall**”) which is developing a food hall under a lease with QuadReal Property Group that comprises approximately 26,000 sq. ft. in the redevelopment of the historic Canada Post building in downtown Vancouver.
  - b) “**Former Hospitality Entities**” that no longer operate; and
  - c) “**Inactive Entities**” with no current projects.
25. JRG has paused development and advancement of the Future Hospitality Entities as a result of financial factors and these CCAA Proceedings.
26. On July 24, 2024, the Petitioners issued a notice of disclaimer with respect to a leased premises tenanted by Sudo Asian Kitchen Holdings (Langley) Ltd., one of the Former Hospitality Entities.

27. As is noted above each of the Hospitality Entities operate on leased premises pursuant to individual lease agreements with third-party landlords with exception for the Henry which operates out of the Clover Building.
28. The Petitioners have approximately 830 employees. Of these employees, 84 are salaried management positions. The remaining employees are in non-management positions and are paid based on hourly rates. Prior to the COVID-19 pandemic, the Joseph Richard Group had close to 1000 employees across its various entities.
29. Management has advised the Monitor that in addition to the Petitioner entities, JRG, its Principals, affiliates or related parties have an interest in the following entities that are not subject to the stay of proceedings (the “**Non-Proceeding Entities**”):
  - a) The Stanley Park Brewing Restaurant & Brewpub that is owned in partnership with Labatt’s; and
  - b) Meal-Ticket Brands which is a technology driven company that partners with restaurants to provide a direct-to-consumer delivery experience.

***Financial Difficulties***

30. The First Bourque Affidavit describes that for 11 years, JRG ran a successful business and opened more than 20 locations. However, beginning in 2020 JRG was severely impacted by the public-health mandated business closures that occurred during the COVID-19 pandemic, and this necessitated material unanticipated borrowings (as described below) to meet their ongoing obligations. In particular, the Petitioners obtained financing, including from government support programs such as (“**BCAP**”) and the Canadian Emergency Business Account (“**CEBA**”).
31. The First Bourque Affidavit describes that the Petitioners have also accrued significant liabilities to, a) Canada Revenue Agency (“**CRA**”) relating to unremitted source deductions in

the amount approximately \$4.9 million and Goods and Services (“**GST**”) remittances in the amount of approximately \$440,000, and b) the Province of British Columbia related to unpaid Provincial Sales Taxes (“**PST**”) of approximately \$912,000.

32. The Monitor has been advised by Management that they had understood that source deductions and GST were being made in the normal course until the CRA commenced an audit of the Petitioners which resulted in large and unexpected re-assessments that have severely impacted JRG’s financial position. The CFO who was then responsible for the books, records and financial reporting of the Petitioners resigned in May 2022 after the CRA audit. Management has advised the Monitor that JRG subsequently paid millions to reduce the GST reassessment, which contributed to further liquidity challenges.
33. The Second Bourque Affidavit describes several steps JRG undertook to pivot the business over the COVID-19 Pandemic including meal delivery, liquor delivery and other projects with a view to keeping as many people employed as possible; however, such steps were not sufficient to meet all obligations during the pandemic and while many of their businesses remained closed.
34. JRG was optimistic that when the COVID-19 pandemic ended it could generate sufficient cash flow to service all of its obligations. However, severe industry challenges persist including:
  - a) materially higher interest rates on their borrowing facilities (including pandemic necessitated borrowings) which are linked to the prime rate and have increased JRG’s debt service requirements from approximately \$240,000 to \$480,000 a month (annualized increase of \$2.9 million / year); and
  - b) rising costs due to inflationary pressures and labour costs, minimum wage laws and higher liquor taxes.

35. While revenue has recovered and JRG has profitable locations, current cash flows are not sufficient to service its debt; and as noted above, JRG commenced these proceedings to “right-size” its balance sheet and emerge a stronger company and protect and preserve the position of all stakeholders, including creditors, employees, and shareholders.

#### **DEFICIENCIES IN FINANCIAL REPORTING TO CWB**

36. The First Bourque Affidavit and Second Bourque Affidavit describe that Mr. Bourque and Mr. Moreno learned about mistakes in financial reporting documents shared with CWB. These mistakes were discovered after Mr. Moreno and Mr. Bourque noted that the Petitioners’ cash flow situation did not appear to correspond with expectations based financial reports prepared by JRG’s internal accountant and reviewed by an outside accountant with a CPA designation. Initially, in or about December 2022/January 2023, Mr. Bourque and Mr. Moreno asked Mr. Zagloul (now the current FFO) to review some of the Petitioners’ accounts.
37. After Mr. Zagloul’s initial engagement to review only certain accounts, and in or about June 2023, Mr. Bourque and Mr. Moreno asked Mr. Zagloul to take on a more substantive role and undertake a more comprehensive review of the group’s financials. The Second Bourque Affidavit describes that Mr. Zagloul discovered three transactions that occurred in 2022 which misallocated loan funds as revenue with the result that, amongst other things, Earnings before Income Taxes, Depreciation and Amortization (“**EBIDTA**”) reported to CWB was overstated.
38. The Monitor notes the following with respect to the foregoing:
- a) Management advised EY as Proposed Monitor in advance of the CCAA filing of the errors in the financial reporting to CWB;
  - b) Mr. Moreno arranged a call between Mr. Zagloul, Mr. Tachejian and the external CPA who confirmed that, upon review, the reporting to CWB recognized certain



loan proceeds as revenue and noted the existence of other potential items that could impact prior EBIDTA calculations relating to the accounting treatment of payroll taxes;

- c) Mr. Zagloul has now rebuilt JRG's financials using the sales reports and cost reports for June 2022 to May 2023;
- d) JRG no longer retains the services of the external CPA who assisted in the preparation of reporting to CWB;
- e) Management has been transparent with the Monitor with respect to these errors, and appear to be regretful;
- f) JRG is still doing some catch-up on accounting and reporting but Mr. Zagloul appears to be a strong resource, with a high level of competence and integrity; and
- g) the Petitioners disclosed these errors to this Honourable Court to ensure full transparency with all stakeholders regarding deficiencies in their business leading up to the CCAA filing date.

## **PROPOSED CLAIMS PROCESS**

39. The following section provides an overview of the Claims Process. All interested parties are strongly encouraged to read the proposed Claims Process Order, as full details of the Claims Process are provided therein. The information contained in this section is provided in summary format only.
40. In consultation with the Monitor, the Petitioners have developed the Claims Process and are seeking Court approval thereof under the Claims Process Order. Capitalized terms used but not otherwise defined in this section have the meanings given to them in the Claims Process Order.

41. The Monitor is of the view that a claims process should be initiated at this time in order to facilitate: (a) the development and implementation of a plan of compromise and arrangement (the “**Plan**”); and (b) distributions to Creditors with Proven Claims as contemplated by such Plan.

### ***Claims***

42. In regard to all potential Claims against the Petitioners (and the Directors and Officers), the proposed Claims Process:
- a) will solicit all Claims (i.e., any Claim other than an Excluded Claim), including, in particular, claims of the Unsecured Creditors and any Restructuring Claims; and
  - b) will not solicit any Excluded Claims, which will not be extinguished or otherwise affected by the Claims Process Order; namely, any:
    - i. Claim enumerated in section 5.1(2) of the CCAA (which cannot be compromised); and
    - ii. Claims secured by any of the CCAA Charges.

### ***Summary of Claims Process***

43. Following is a summary of the Claims Process that includes key dates should the Claims Process Order be granted as sought:
- a) July 31, 2023: the Monitor shall post, among other things, copies of the Claims Process Order, the Claims Process Instruction Letter, a blank Proof of Claim form, and a blank Notice of Dispute form;
  - b) August 10, 2023: the Monitor shall cause the Claims Package to be sent to each Creditor with a claim as evidenced by the books and records of the Petitioners;

- c) September 15, 2023 (the “Claims Bar Date”): Any Creditor that wishes to assert a Claim under the Claims Process must deliver a Proof of Claim to the Monitor in the manner set forth in the Claims Process Order by this date.
- d) Restructuring Claims Bar Date: Any Creditor that wishes to assert a Restructuring Claim under the Claims Process must deliver a Proof of Claim to the Monitor in the manner set forth in the Claims Process Order by this date.

***Claims and Restructuring Bar Dates***

- 44. Any creditor who fails to file a Proof of Claim by the Claims Bar Date or the Restructuring Claims Bar Date, as applicable, or appeal a NORD (defined below) within the time and in accordance with the procedures set forth in the Claims Process Order, shall:
  - a) be barred, estopped and enjoined from asserting or enforcing a Claim against the Petitioners (or the Directors or Officers), and all such Claims shall be forever extinguished;
  - b) not permitted to vote on the Plan on account of any such Claim;
  - c) not be permitted to participate in any distribution under the Plan, from the proceeds of any sale of the Petitioners’ assets, or otherwise on account of any such Claims;  
and
  - d) not be entitled to receive any further notice in respect of the proposed Claims Process.

***Adjudication of Claims***

- 45. The Petitioners and the Monitor shall review all Proofs of Claim received, and the Monitor, in consultation with the Petitioners, shall accept, revise or reject each Claim.

46. If the decision is made to reject or revise a Claim, the Monitor shall send to the claimant a Notice of Revision or Disallowance (“**NORD**”) by no later than five (5) Business Days after the Claims Bar Date or the Restructuring Claims Bar Date, as applicable. If a Creditor disputes the NORD, then the claimant must file a Notice of Dispute (“**NOD**”) and appeal the NORD within the time and in accordance with the procedures set forth in the Claims Process Order.

***Monitor’s Comments and Recommendations on the Claims Process Order***

47. The Monitor is of the view that the timelines set forth in the Claims Process Order, including for delivery of notices to Creditors and in respect of the adjudication of Claims, are reasonable considering the structure of the Claims Process. Such timelines are consistent with claims processes approved by this Court in other CCAA proceedings and will provide for the efficient resolution of any Claims filed. Implementing a claims process at this time may expedite the Petitioners ability to proceed with a plan of arrangement.

**THE CASH FLOW FORECAST**

48. Management, with the assistance of the Monitor, has prepared a cash flow forecast (the “**Cash Flow Forecast**”) for the for the 13-week period beginning July 17, 2023 and ending October 15, 2023 (the “**Forecast Period**”). The Cash Flow Forecast together with assumptions was originally attached as Exhibit “S” to the First Bourque Affidavit, is re-attached hereto as **Appendix “D”** and is summarized below:

**In the matter of the CCAA Proceedings of Joseph Richard Group  
Cash Flow Forecast  
For the Period July 17, 2023 to October 15, 2023 (the "Forecast Period")  
\$CAD**

	<b>13-Week Total</b>
<b>Opening Balance</b>	<b>180,135</b>
<b>Receipts</b>	
Restaurants	7,133,127
Other Ventures	2,096,873
<b>Total Receipts</b>	<b>9,230,001</b>
<b>Disbursements</b>	
Cost of Goods Sold - Restaurants	(1,997,276)
Cost of Goods Sold - Other Ventures	(870,509)
Labour - Restaurants	(3,100,949)
Labour - Other Ventures	(779,349)
G&A	(925,000)
Rent	(900,000)
Contingency	(195,000)
<b>Total Operating Disbursements</b>	<b>(8,768,083)</b>
<b>Restructuring Disbursements</b>	
Professional Fees	(375,000)
<b>Total Restructuring Disbursements</b>	<b>(375,000)</b>
<b>Net Cash Flow</b>	<b>86,918</b>
<b>Closing Cash Balance</b>	<b>267,053</b>

49. The Cash Flow Forecast is prepared on the basis that the Stay Extension will be granted. This forecast projects positive operating cash flows and accordingly, projects that the Petitioners will have sufficient liquidity to continue to carry on business without interim financing through the Forecast Period.
50. Based on the Monitor's view of the Cash Flow Forecast and the assumptions set out in the notes thereto, nothing has come to its attention that causes it to believe that, in all material respects:
- a) the probable and hypothetical assumptions set forth therein are not consistent with the purposes of the Cash Flow Forecast;

- b) as at the date of this First Monitor's Report, the probable and hypothetical assumptions developed by Management are not suitably supported and consistent with the plans of the Petitioners or do not provide a reasonable basis for the Cash Flow Forecast; and
  - c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
51. Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from forecast even if the probable and hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved.
52. The Cash Flow Forecast has been prepared solely for the purposes described above and readers are cautioned that it may not be appropriate for other purposes.

## **RELIEF SOUGHT UNDER THE ARIO**

### ***CCAA Charges***

53. Administration Charge: As set forth above, the Initial Order provided for the grant of the Administration Charge up to the maximum amount of \$200,000. In its Notice to Application, the Petitioners sought to increase such charge to \$750,000 to secure payment of the fees and disbursements of the Petitioners' legal counsel, the Monitor, and the Monitor's legal counsel (collectively, the "**Administration Charge Chargeholders**"). In discussions that followed between counsel for CWB and the Administration Charge Chargeholders, the parties agreed to seek an increase in the charge to \$400,000.
54. The Monitor notes that the professional fees to be secured under the Administration Charge are contemplated to be paid in the ordinary course of the Petitioners' operations from cash

flow. However, the Monitor further notes that, given the Petitioners' liquidity constraints, the Administration Charge is appropriate to ensure the continued engagement of the associated professionals.

55. The Monitor believes that the quantum of the Administration Charge is reasonable in the circumstances based upon a review and assessment of the anticipated professional costs to be incurred during the pendency of these CCAA proceedings, as well as the scale and complexity of the Petitioners' operations.
56. Directors' Charge: The Initial Order provides for the second-ranking Directors' Charge on the Property up to the maximum amount of \$300,000; and under the ARIO the Petitioners seek to increase such charge to \$1,000,000 as security for claims that may be brought against the Petitioners' directors and officers. The Monitor notes there is currently no Directors and Officers insurance in place. The Directors' Charge does not contemplate payment for any claims against Directors' that arose prior to these CCAA Proceedings.
57. The quantum of the proposed charge is based on an estimate of, a) one bi-weekly payroll run of \$550,000 (or approximately \$1.1 million monthly), b) a monthly GST and PST liability of approximately \$391,000, for a total of approximately \$1.5 million per month. The Monitor notes that these items represent the three primary items a Director could be liable for in a CCAA and calculation a Directors' Charge in this manner is normal.
58. The Monitor is also advised that the Petitioners consulted with CWB on the quantum of the Directors' Charge and no objections were noted. Accordingly, the Monitor is of the view that: (a) the quantum of the Directors' Charge is reasonable based on a review of the Petitioners' payroll obligations and an assessment of potential claims that could arise during this matter; and (b) the Directors' Charge is appropriate and necessary to ensure the continued support and services of the Petitioners' directors and officers, whose services are essential to

preserving the Petitioners' enterprise value and maximize recoveries for stakeholders in these CCAA Proceedings.

***Noticed Parties***

59. As stated above, under the Initial Order, the CCAA Charges do not rank in priority to the interests of certain parties with potential secured claims who had not received notice of these CCAA proceedings at the time of the Initial Order hearing, including the Registered Creditors (collectively, the "**Noticed Parties**"). The ARIO now seeks to grant the CCAA Charges priority over all interests in the Property, including the interests of the Noticed Parties.
60. The Petitioners have filed evidence in these proceedings of service of notice of, among other things, the Initial Order on each of the Noticed Parties. As of the date of this First Report, the Monitor is not aware of any opposition from any of the Noticed Parties.
61. On this basis, the Monitor supports the relief sought by the Petitioners under the ARIO in respect of granting the CCAA Charges priority over all interests in the Property, including those of the Noticed Parties. Such relief is customary in CCAA proceedings.

***Stay Extension***

62. Under the Initial Order, the Stay is currently set to expire July 27, 2023. Under the ARIO, the Petitioners are seeking the Stay Extension to September 29, 2023. The Stay Extension is sought in order to allow the Petitioners to advance their restructuring, and, in particular, to allow the Claims Process to be conducted.
63. The Monitor has considered the onus on the Petitioners to demonstrate that the Stay Extension is appropriate, having regard to:
  - a) the circumstances that may justify granting the Stay Extension; and



b) whether the Petitioners have acted, and are acting, in good faith and with due diligence to advance its restructuring.

64. The Petitioners in consultation with the Monitor are developing a framework for a plan of compromise and arrangement that they expect to present and discuss with their Secured Creditors within the next two (2) weeks. If the framework garners the support of the Secured Creditors, the Petitioners intend to formalize a Plan of Arrangement and Compromise to present to all stakeholders on or before September 29, 2023.
65. In the Monitor's view: (a) the Stay Extension is appropriate and is indeed necessary to allow the Petitioners' restructuring to continue as proposed, and to maintain their enterprise value meanwhile; and (b) the Petitioners have acted and continue to act and operate in good faith and with due diligence to advance their restructuring since the date of the Initial Order.

#### **CONCLUSION AND RECOMMENDATIONS**

66. For the reasons stated herein, the Monitor supports the relief sought by the Petitioners at the Comeback Application and recommends that this Honourable Court grant the relief sought.

All of which is respectfully submitted this 26<sup>th</sup> day of July, 2023.

#### **ERNST & YOUNG INC.**

in its capacity as Monitor  
of Joseph Richard Hospitality Group  
and those Petitioners listed in Appendix "A"  
and not in its personal or corporate capacity

Per:



**Michael Bell, CPA, CA, CIRP, LIT**  
**Senior Vice President**

# **Appendix A – List of Petitioners**

**SCHEDULE "A" - LIST OF PETITIONERS**

1138279 B.C. Ltd.
1164312 B.C. Ltd.
Ad Prolem Capital Investments Ltd.
Clover 67 Private Dining Room Ltd.
Edith & Arthur Public House Ltd.
Joseph Bourque Investments Ltd.
Joseph Richard Hospitality Group Ltd.
Joseph Richard Investments Ltd
Joseph Richard IP Holdings Ltd.
Joseph Richard Management Ltd.
JRG Canteen Virtual Kitchen Ltd.
JRG Clover Station LRS Ltd.
JRG Cloverdale Holdings Ltd.
JRG Cloverdale Ventures Ltd.
JRG Foodhall (Vancouver) Ventures Ltd.
JRG Glass House Estates Winery Ltd.
JRG Ledgeview Holdings Ltd.
JRG Steveston Hotels Ltd.
JRG Systems Ltd.
JRG Whiskey Charlie Cafe, Pitt Meadows Ltd.
Livelyhood Public House Ltd.
Lowercase Capital Consulting Ltd.
Monkey See Tiki Bar Ltd.
Oak & Thorne Public House Ltd.
Oceanside Yacht Club And Public House Ltd.
S & L Kitchen & Bar Holdings Abbotsford Ltd.
S & L Kitchen & Bar Holdings Langley Ltd.
S & L Kitchen & Bar Holdings South Surrey Ltd.
Steveston Hospitality Services Ltd.
Sudo Asian Kitchen Holdings (Langley) Ltd.
The Italian Osteria and Cheese Bar Ltd.
The Phat Bird Public House Ltd.
The Study Public House Ltd.
Townhall Holdings (Abbotsford) Ltd.
Townhall Holdings (Chilliwack) Ltd.
Townhall Holdings (Maple Ridge) Ltd.

Townhall Holdings Ltd.
Whiskey Charlie Holdings Ltd.

**Non-Petitioner Entities:**

Blank Canvas Catering Ltd.  
JRG Queens LRS Ventures Ltd.  
JRG Chilliwack Holdings Ltd.  
JRG Growth Ventures Ltd.  
JRG Published Holdings Ltd.  
JRG Whip Holdings Ltd.

# **Appendix B – CCAA Notice**

20 July 2023

To the creditors of:

JOSEPH RICHARD HOSPITALITY GROUP LTD., 1138279 B.C. LTD., 1164312 B.C. LTD., AD PROLEM CAPITAL INVESTMENTS LTD., CLOVER 67 PRIVATE DINING ROOM LTD., EDITH & ARTHUR PUBLIC HOUSE LTD., JOSEPH BOURQUE INVESTMENTS LTD., JOSEPH RICHARD INVESTMENTS LTD., JOSEPH RICHARD IP HOLDINGS LTD., JOSEPH RICHARD MANAGEMENT LTD., JRG CANTEEN VIRTUAL KITCHEN LTD., JRG CLOVER STATION LRS LTD., JRG CLOVERDALE HOLDINGS LTD., JRG CLOVERDALE VENTURES LTD., JRG FOODHALL (VANCOUVER) VENTURES LTD., JRG GLASS HOUSE ESTATES WINERY LTD., JRG LEDGEVIEW HOLDINGS LTD., JRG STEVESTON HOTELS LTD., JRG SYSTEMS LTD., JRG WHISKEY CHARLIE CAFE, PITT MEADOWS LTD., LIVELYHOOD PUBLIC HOUSE LTD., LOWERCASE CAPITAL CONSULTING LTD., MONKEY SEE TIKI BAR LTD., OAK & THORNE PUBLIC HOUSE LTD., OCEANSIDE YACHT CLUB AND PUBLIC HOUSE LTD., S & L KITCHEN & BAR HOLDINGS ABBOTSFORD LTD., S & L KITCHEN & BAR HOLDINGS LANGLEY LTD., S & L KITCHEN & BAR HOLDINGS SOUTH SURREY LTD., STEVESTON HOSPITALITY SERVICES LTD., SUDO ASIAN KITCHEN HOLDINGS (LANGLEY) LTD., THE ITALIAN OSTERIA AND CHEESE BAR LTD., THE PHAT BIRD PUBLIC HOUSE LTD., THE STUDY PUBLIC HOUSE LTD., TOWNHALL HOLDINGS (ABBOTSFORD) LTD., TOWNHALL HOLDINGS (CHILLIWACK) LTD., TOWNHALL HOLDINGS (MAPLE RIDGE) LTD., TOWNHALL HOLDINGS LTD., WHISKEY CHARLIE HOLDINGS LTD. (collectively, the “**Companies**” or “**JRG**”)

**RE: Proceedings under the *Companies’ Creditors Arrangement Act*  
Court File No. S-235026 (Vancouver)**

Please be advised that on July 17, 2023 (the “**Order Date**”), the Supreme Court of British Columbia pronounced an order (the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act (Canada)* R.S.C 1985, C-36, as amended (“**CCAA**”).

The Initial Order granted the Companies various relief including, among other things, imposing an initial 10-day stay of proceedings in respect of the Companies and its assets to July 27, 2023 (the “**Stay Period**”), appointing Ernst & Young Inc. as monitor (the “**Monitor**”), and providing the Companies an opportunity to prepare and file a plan of arrangement or compromise for the consideration of its creditors and other stakeholders, or otherwise restructure its business. The Stay Period may be extended as necessary pursuant to further order of the Court.

The Companies will continue to operate during the CCAA proceedings in accordance with the terms of the Initial Order.

A copy of the Initial Order and further documents related to the CCAA proceeding can be found on the Monitor’s website at [www.ey.com/ca/JRG](http://www.ey.com/ca/JRG).

Pursuant to the Initial Order:

- all persons having oral or written agreements with the Companies, or mandates under an enactment for the supply of goods and/or services, are restrained until further Order of the Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Companies, provided that the normal prices or charges for all such goods or services received after the Order Date are paid by the Companies in accordance with normal payment practices of the Companies or such other practices as may be agreed upon by the supplier or service provider, the Companies and the Monitor, or as may be ordered by the Court; and
- all parties are prohibited from commencing or continuing legal action against the Companies and all rights and remedies of any party against or in respect of the Companies or its assets are stayed and suspended except with the written consent of the Companies and the Monitor, or with leave of the



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Court.

Should you have any questions or require additional information, please contact Mr. Matt Hanrahan at 403-206-5307 or [matt.hanrahan@parthenon.ey.com](mailto:matt.hanrahan@parthenon.ey.com).

Sincerely,

**ERNST & YOUNG INC.**  
**Licensed Insolvency Trustee**  
*acting solely in its capacity as Monitor of JRG  
and not in its personal or corporate capacity*

Per:

A handwritten signature in black ink, appearing to be 'Mike Bell', written over a horizontal line.

Mike Bell, CPA, CA, CIRP, LIT  
Senior Vice President, Ernst & Young Inc.

# **Appendix C – Newspaper Advertisement**



**BOC WILL HOLD AT 5%, SURVEY SAYS**

Economists now see a soft landing for the Canadian economy, with no recession this year despite interest rates at a 22-year high. The economy will stall in the second half of 2023 but it won't contract, according to a monthly Bloomberg survey of 27 economists. The median forecast sees the Bank of Canada holding its overnight rate at five per cent well into next year — with no rate cuts until April. The results support the Bank of Canada's view that eco-



nomie growth is moderating, while core inflation remains elevated. Economists expect gross domestic product to expand 0.4 per cent in the third quarter and remain unchanged in the final quarter, the survey showed. Economists see the current policy rate of five per cent as the peak for the Bank of Canada, before rate cuts begin in the second quarter. The Bank of Canada will announce its next decision on Sept. 6. *Bloomberg*

**Worst may be over for downtown real estate**

SHANTAE CAMPBELL

Suburban office markets are continuing to show lower vacancy rates than downtown areas, where a substantial increase in new office supply has been pushing vacancies higher. According to Colliers Canada's latest National Market Snapshot, 93 per cent of new office supply this year through the end of the second quarter has been concentrated in downtown areas. Suburban office vacancy rates stood at 11.7 per cent compared to its downtown counterpart at 15 per cent.

Despite the influx of new office supply and mounting optimism in downtown markets, the return-to-office process has been comparatively slower in downtowns. Various factors contributed to the hesitancy, including lingering concerns about public transportation, lengthy commute times, safety and the need to maintain flexible work arrangements to attract and retain talent.

Adam Jacobs, the senior national director of research at Colliers Canada, said that while downtowns have long had appeal, the suburbs have certain things going for them.

"Downtowns were where it was at for a long time," Jacobs said in an interview. "The employees were happier, you could hire more easily, you were closer to clients. But the suburbs have some advantages right now. There's a lot of people saying 'My commute is too long. It's too expensive, there's nowhere to park. I don't feel safe downtown.' Well, your boring suburban office park has great free parking and you can come and go as you please."

Colliers' report notes that the construction cycle has been slowing down, leading to a decline in office inventory under development since 2020. Concurrently, vacancy rates in significant markets like Vancouver at 7.4 per cent and Toronto at 10.5 per cent are experiencing slight increases. However, the report assures that Colliers analysts do not foresee any "short-term" spiking in vacancy rates.

Jacobs believes that the nation's downtowns have likely overcome the worst of their vacancy problem, suggesting an improvement in the market. One contributing factor to this positive trend is the scarcity of new office spaces in suburban areas, which has played a role in reducing the vacancy rate in comparison to downtown.

"I would say the worst of this is over. A lot of new construction has been completed in the last year or two," Jacobs said. "Between record high interest rates and work from home, I don't think they're going to build 40-story towers downtown for a while. It was just a bit disruptive to the market because construction comes in cycles. A ton of construction was happening just as work from home was also happening, so there was a kind of double whammy for landlords downtown."

During the second quarter, rental rate growth slowed; however, the annual growth rate remains strong at over 26 per cent. Notably, Montreal stands out as an exception, with rental rates currently only 7 per cent lower than Toronto's \$26.14 per square foot.

Financial Post



"Overwork has become a sign of success, but that's not gonna last," says Alex Soojung-Kim Pang of 4 Day Week Global. GETTY IMAGES

**4-day workweek expert says it's not for everyone**

There are a lot of firms experimenting, but not much analysis of when it works

IRINA ANGHIL

Alex Soojung-Kim Pang, program director at 4 Day Week Global, thinks there's already an abundance of companies toying with shorter work schedules. In his view, not enough is being done to figure out what works and what doesn't.

The largest-ever trial of the four-day workweek found that most United Kingdom businesses participating don't want to return to the five-day standard, while Portugal recently started a government-funded pilot of shorter work schedules.

"Overwork has become a sign of success, but that's not gonna last," Pang said. "Historically the trend in working hours has been to use technology or wealth to allow us all to work less."

Yet not enough is known about the four-day workweek trial dropouts or the firms that didn't join in the first place, participating organizations are often biased toward making the shorter workweek work, he said.

Work Shift caught up with Pang, who lives in Silicon Valley — "the world's capital of abundance and burnout" — on the sidelines of a conference at the Royal Opera House in London, speaking about

companies that failed the four-day week test, legislating shorter schedules and how Pang came to his work philosophy. Hint: It's the opposite of tenor Placido Domingo's "If I rest, I rust," which he articulated in an interview a week before performing at the same Royal Opera House. (Responses have been edited and condensed.)

**Q: Do you work a four-day week?**

**A:** I work a shorter work week, but not four days, because our team and clients are spread across four continents. Most of my days involve a burst of work in the very early morning in California and again in the evening. But I do work hard to work less. If you do work that you really love, then you should be able to find ways of doing it that don't require you to destroy yourself.

I started doing this when I was writing my book *Rest: Why You Get More Done When You Work Less*, which is about the role of leisure and hobbies in the lives of prolific, creative people. I started doing the things that the people I was writing about did: taking naps in the afternoon, getting up very early to write. It was a great lesson in how to make the peaks higher rather than stretch out the day to

make it longer.

**Q: There are growing calls for the right to work from home. Should we have the right to a four-day week?**

**A:** It may be a little early to do that. I'm trying to hasten the arrival of that day, but I don't want to mess it up by having it arrive prematurely. We still have more to learn before we can scale this up to entire economies. I think that we are going to see in the next few years some experiments at the state level in the United States, for example.

**Q: What can you tell us about the trial dropouts so far?**

**A:** We know less about the failures than we would like, because we have had a pretty self-selecting group. What we do know is that the four-day week doesn't die. It's killed. You get a new CEO who says, enough of this, we've coddled all of you too long — and cancelling a predecessor's signature program is a great way to establish yourself as in charge. Likewise, in some county governments, the move back to five days is always accompanied by a change in administration or the other political party taking over.

In other cases, it's more about culture than performance. For example, there was a video production company in Hong Kong that was trialling a four-day week and they let everybody choose a day off.

You had teams out on location and other folks out pitching clients, so the office turned into a ghost town. In another case, there was a company where their relatively younger sales team felt they didn't know their jobs well enough to do this, while more senior software engineers converted successfully.

**Q: What can companies learn from four-day week failures?**

**A:** Number one, you need to make very clear what the four-day week is and what it is not. And you need to give people an opportunity to participate in designing the four-day week. When you think through what could go wrong and how you can solve that, then you get ideas coming from people that you wouldn't come up with yourself and people feel better about the process.

**Q: With mass layoffs, stagnating productivity and recession fears, is the four-day week losing momentum?**

**A:** Not yet. But this is something to watch. Previous efforts to shorten work weeks, especially in the 1970s, did fall afoul of the recession oil shocks. Anyone trying to remake the future of work should be worried that recession could be an excuse to go back to the way things were. However, we're in this weird position of worrying about the economy slowing down and companies that expanded during the pandemic reducing their workforces, but still seeing talent shortages and issues with burnout. I am cautiously optimistic that companies that had been interested in the four day week will continue to be so. Unless the economy completely tanks.

Bloomberg



PCA Welcomes **DAN BAXTER**  
The Progressive Contractors Association of Canada (PCA) is delighted to welcome Dan Baxter as Regional Director, B.C.

Baxter brings a wealth of experience in government, public policy and stakeholder relations, and will be instrumental in strengthening PCA's B.C. presence.

www.pcac.ca

**NOTICE TO CREDITORS**

In the matter of the companies' creditors arrangement act and in the matter of Joseph Richard Hospitality Group Ltd., 1138279 B.C. Ltd., 1164312 B.C. Ltd., Ad Prolim Capital Investments Ltd., Clover 67 Private Dining Room Ltd., Edith & Arthur Public House Ltd., Joseph Bourque Investments Ltd., Joseph Richard Investments Ltd., Joseph Richard LP Holdings Ltd., Joseph Richard Management Ltd., JRG Canteen Virtual Kitchen Ltd., JRG Clover Station LRS Ltd., JRG Cloverdale Holdings Ltd., JRG Cloverdale Ventures Ltd., JRG Foodhall (Vancouver) Ventures Ltd., JRG Glass House Estates Winery Ltd., JRG Ledgewiew Holdings Ltd., JRG Stevenson Hotels Ltd., JRG Systems Ltd., JRG Whiskey Charlie Cafe, Pitt Meadows Ltd., Livelyhood Public House Ltd., Lowercase Capital Consulting Ltd., Monkey See Tiki Bar Ltd., Oak & Thorne Public House Ltd., OceanSide Yacht Club and Public House Ltd., S & L Kitchen & Bar Holdings Abbotsford Ltd., S & L Kitchen & Bar Holdings Langley Ltd., S & L Kitchen & Bar Holdings South Surrey Ltd., Steveston Hospitality Services Ltd., Sudo Asian Kitchen Holdings (Langley) Ltd., The Italian Osteria and Cheese Bar Ltd., The Phat Bird Public House Ltd., The Study Public House Ltd., Townhall Holdings (Abbotsford) Ltd., Townhall Holdings (Chilliwack) Ltd., Townhall Holdings (Maple Ridge) Ltd., Townhall Holdings Ltd., Whiskey Charlie Holdings Ltd. (the "Companies") Court File No. S-235026.

Take notice that on July 17, 2023 the Supreme Court of British Columbia granted an Initial Order which commenced proceedings under the Companies' Creditors Arrangement Act ("CCAA") for the Companies. Ernst & Young Inc. was appointed as Monitor in the CCAA proceedings. The Initial Order and other documents in respect of the CCAA proceedings may be accessed from the Monitor's website.

Ernst & Young Inc., Monitor of the Companies  
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Contact: Matt Hanrahan  
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www.ey.com/ca/JRG

**EY Parthenon**

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# **Appendix D – Cash Flow Forecast**

**In the matter of the CCAA Proceedings of Joseph Richard Group**  
**Cash Flow Forecast**  
**For the Period July 17, 2023 to October 15, 2023 (the "Forecast Period")**  
**SCAD**

	Week Ending	1 23-Jul-23 Forecast	2 30-Jul-23 Forecast	3 06-Aug-23 Forecast	4 13-Aug-23 Forecast	5 20-Aug-23 Forecast	6 27-Aug-23 Forecast	7 03-Sep-23 Forecast	8 10-Sep-23 Forecast	9 17-Sep-23 Forecast	10 24-Sep-23 Forecast	11 01-Oct-23 Forecast	12 08-Oct-23 Forecast	13 15-Oct-23 Forecast	Total
<b>Opening Balance</b>		180,135	25,208	449,610	19,682	384,084	194,157	558,558	43,631	408,032	218,105	582,506	92,579	456,980	<b>180,135</b>
<b>Receipts</b>															
Restaurants	1	548,702	548,702	548,702	548,702	548,702	548,702	548,702	548,702	548,702	548,702	548,702	548,702	548,702	<b>7,133,127</b>
Other Ventures	2	161,298	161,298	161,298	161,298	161,298	161,298	161,298	161,298	161,298	161,298	161,298	161,298	161,298	<b>2,096,873</b>
<b>Total Receipts</b>		<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>710,000</b>	<b>9,230,001</b>
<b>Disbursements</b>															
Cost of Goods Sold - Restaurants	3	(153,637)	(153,637)	(153,637)	(153,637)	(153,637)	(153,637)	(153,637)	(153,637)	(153,637)	(153,637)	(153,637)	(153,637)	(153,637)	<b>(1,997,276)</b>
Cost of Goods Sold - Other Ventures	3	(66,962)	(66,962)	(66,962)	(66,962)	(66,962)	(66,962)	(66,962)	(66,962)	(66,962)	(66,962)	(66,962)	(66,962)	(66,962)	<b>(870,509)</b>
Labour - Restaurants	4	(442,993)	-	(442,993)	-	(442,993)	-	(442,993)	-	(442,993)	-	(442,993)	-	(442,993)	<b>(3,100,949)</b>
Labour - Other Ventures	4	(111,336)	-	(111,336)	-	(111,336)	-	(111,336)	-	(111,336)	-	(111,336)	-	(111,336)	<b>(779,349)</b>
G&A	5	(25,000)	(25,000)	(25,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	(85,000)	<b>(925,000)</b>
Rent	6	-	-	(300,000)	-	-	-	(300,000)	-	-	-	(300,000)	-	-	<b>(900,000)</b>
Contingency	7	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	<b>(195,000)</b>
<b>Total Operating Disbursements</b>		<b>(814,927)</b>	<b>(260,599)</b>	<b>(1,114,927)</b>	<b>(320,599)</b>	<b>(874,927)</b>	<b>(320,599)</b>	<b>(1,174,927)</b>	<b>(320,599)</b>	<b>(874,927)</b>	<b>(320,599)</b>	<b>(1,174,927)</b>	<b>(320,599)</b>	<b>(874,927)</b>	<b>(8,768,083)</b>
<b>Restructuring Disbursements</b>															
Professional Fees	8	(50,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(50,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	(25,000)	<b>(375,000)</b>
<b>Total Restructuring Disbursements</b>		<b>(50,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(50,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>(375,000)</b>
<b>Net Cash Flow</b>		<b>(154,927)</b>	<b>424,401</b>	<b>(429,927)</b>	<b>364,401</b>	<b>(189,927)</b>	<b>364,401</b>	<b>(514,927)</b>	<b>364,401</b>	<b>(189,927)</b>	<b>364,401</b>	<b>(489,927)</b>	<b>364,401</b>	<b>(189,927)</b>	<b>86,918</b>
<b>Closing Cash Balance</b>		<b>25,208</b>	<b>449,610</b>	<b>19,682</b>	<b>384,084</b>	<b>194,157</b>	<b>558,558</b>	<b>43,631</b>	<b>408,032</b>	<b>218,105</b>	<b>582,506</b>	<b>92,579</b>	<b>456,980</b>	<b>267,053</b>	<b>267,053</b>

**Notes:**

- 1 Restaurants includes Joseph Richard Group restaurants and the Ledgeview Golf Course.
- 2 Other Ventures includes hotel operations, liquor stores, winery operations, and Black Canvas Catering.
- 3 Cost of Goods Sold primarily consists of food and beverage costs.
- 4 Labour consists of all Joseph Richard Group salaries and wages, including insurance and benefits.
- 5 G&A consists of administrative and operational costs.
- 6 Rent consists of operating location rent and lease payments.
- 7 The Cash Flow Forecast incorporates a contingency in the amount of \$15K per week to account for unascertained expenditures or lower receipts during the 13-week forecast period.
- 8 Professional Fees are estimates of the cost of the Proposed Monitor, the Proposed Monitor's Counsel, and the Debtor Companies Counsel.