



Court File No. S231107
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF THE RECEIVERSHIP OF
THE ASSETS, UNDERTAKINGS AND PROPERTIES OF
EXPLORER MARINE PARTNERS LTD. AND
BLUEWATER RIGGING LTD.**

**PURSUANT TO SECTION 243(1) OF THE
BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED
AND
SECTION 39 OF THE
LAW AND EQUITY ACT, R.S.B.C. 1996 c. 253 AS AMENDED**

RECEIVER'S FIRST REPORT TO COURT

March 2, 2023

**IN THE MATTER OF THE RECEIVERSHIP OF
EXPLORER MARINE PARTNERS LTD. AND
BLUEWATER RIGGING LTD.**

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I. **BACKGROUND AND PURPOSE OF REPORT**

Background

1. Explorer Marine Partners Ltd. ("**Explorer**") and Bluewater Rigging Ltd. ("**Bluewater**") and collectively with Explorer referred to as the "**Companies**") provided mechanical, electrical and structural repair services in the marine industry.
2. The Companies operated their business from four locations:
 - i. 1815 and 1816 Mast Tower Road, Vancouver ("**Granville Island**")
 - ii. 6911 Graybar Road, Richmond ("**Shelter Island**")
 - iii. 2780 E North Island Highway, Campbell River ("**Campbell River**")
 - iv. 2-5 Senator Road, North Vancouver ("**North Vancouver**")
3. There was a fifth location in Maple Ridge which was closed in December 2022.
4. The petitioning secured creditor, Canadian Imperial Bank of Commerce ("**CIBC**"), provided credit facilities to the Companies pursuant to a credit agreement dated May 28, 2019 (the "**Credit Agreement**").
5. The Companies incurred losses in the fiscal year ended May 2022 which led to liquidity issues. The Companies defaulted on the Credit Agreement by, among other items, failing to pay amounts owing under the Credit Agreement.
6. CIBC issued a demand and notice of intention to enforce security on December 13, 2022 (the "**Demand**"). At the date of the Demand, CIBC was owed approximately \$1.4 million.
7. The Companies were unable to make the required payments under the Demand. On February 16, 2023, on application of CIBC, MNP Ltd. was appointed as Receiver and Manager (the "**Receiver**") of the assets, undertakings and property of the Companies.

Status of Operations and Leases

8. The Companies had already ceased operating and terminated its employees on or around January 3, 2023.

9. Upon its appointment the Receiver was made aware of the following issues that required the Receiver's immediate attention:
- i. February 2023 rent for the leased locations were not paid;
 - ii. Certain landlords had distrained the Companies assets and were planning to sell the assets through an auction;
 - iii. The Companies were not current on their insurance premiums; and
 - iv. There were unpaid source deductions of approximately \$105,000 and GST of \$35,000 (the "**CRA Debt**").
10. In addition, the Receiver was made aware of a boat, Sea Ray 330 (the "**Sea Ray**"), owned by the Companies for sale with a yacht broker. The Sea Ray is moored at Granville Island. The monthly moorage fees were in arrears and the insurance premiums for the Sea Ray had not been paid.
11. The Receiver took immediate steps to protect and preserve the Companies' assets.

Purpose of the Report

12. The purpose of this report is to:
- i. Report to the Court on the Receiver's activities since its appointment; and
 - ii. Recommend that the Court approve the sale of the Companies' assets in the manner described in the **Section III** of this report.
13. This is the Receiver's First Report to Court.

II. RECEIVER'S ACTIVITIES TO DATE

14. The Receiver has performed the following since its appointment:
- i. Held numerous discussions and correspondence with:
 - a. the landlords to advise them of the Receiver's appointment and its intended plan to dispose of the assets;
 - b. Able Solutions Inc. ("**Able Auctions**") who had been engaged by two of the landlords to sell the assets;

- c. Yacht Sales West Inc. (“**Yacht Sales West**”), the yacht broker engaged by the Companies to sell the Sea Ray;
- d. the Companies’ insurance broker to confirm insurance coverage;
- ii. Negotiated with the Campbell River landlord to arrange for use of the premises to hold an onsite auction;
- iii. Obtained and reviewed the available books and records of the Companies;
- iv. Updated the website for the status of the estate; and,
- v. Prepared the necessary statutory documents and this Report to Court.

III. **SALE OF ASSETS**

- 15. As at the date of the receivership, the February 2023 rents were not paid and accordingly, certain landlords had taken actions to distrain the assets.
- 16. The assets primarily consist of parts inventory and tools that were used for marine servicing. They are standard in the industry and would not be considered unique.
- 17. CIBC’s legal counsel had obtained an appraisal from Timeline Asset Services Ltd. dated January 23, 2023 (the “**Appraisal**”) which estimated a liquidation value of a specific figure between \$300,000 and \$400,000 for the assets at all locations.
- 18. The Receiver anticipates that there will be a significant shortfall to CIBC based on the Appraisal.
- 19. The assets are dispersed amongst four leased locations with unpaid rent. Given the limited value and nature of the assets, the Receiver believes that the assets need to be sold in a timely manner to prevent holding costs from eroding the net recoverable value and or make arrangement to minimize holdings costs by moving the assets from the leased locations.
- 20. The Receiver believes that an expanded or longer sales process would not increase the value of the assets. In fact, the Receiver believes that the net recovery would be significantly less due to the increased costs, including holding costs and professionals’ fees.
- 21. The following is a summary of the locations and the status:

i. Granville Island

The landlord had engaged a bailiff and Able Auctions prior to the receivership. Able Auctions was in the process of moving the assets to Able Auctions' facilities in North Langley on February 16, 2023 and Able Auctions advised the Receiver that it was planning to hold an auction in the week of March 6th, 2023.

The Receiver agreed to allow Able Auctions to complete the transport of the assets in anticipation that the Receiver would sell the assets through Able Auctions, subject to Court approval.

An auction for this location is currently scheduled to take place on March 17, 2023 subject to Court approval.

ii. Shelter Island

The landlord had engaged a bailiff and Able Auctions prior to the receivership. Able Auctions was performing an inventory count at the Shelter Island location and was planning an on-site auction to take place on or around March 4, 2023 prior to the Receiver's appointment

The landlord at the Shelter Island location is claiming a warehouse lien in the amount of \$47,000 over the Shelter Island assets. The Receiver is reviewing the validity of the warehouse lien and priority of the lien vs. CIBC's secured debt.

The Receiver has advised the landlord that it is agreeable to Able Auctions holding an auction at the Shelter Island location provided the sales proceeds would be held in trust until the entitlement to them had be agreed to or otherwise determined.

The on-site auction is scheduled to take place March 4, 2023.

iii. Campbell River

The landlord had not distrained the assets, however, the landlord requested that their premises be vacated as soon as possible so that the premises can be leased.

Once appointed, the Receiver discovered that there were more assets than initially anticipated and that the costs of moving the assets would be greater than if an on-site auction was held.

The landlord agreed to allow Able Auctions to use their facilities for an on-site auction subject to Able Auctions vacating the premises by March 15, 2023.

The auction for this location is scheduled to take place on March 7, 2023. There is urgency to this sale as the landlord wishes to lease the premises in mid-March 2023.

The Appraisal estimates a total value below \$100,000 being the threshold amount for aggregate sales without court approval as outlined in 3(l)(i) of the Receivership Order.

Due to the urgency and the sales amounts being under the threshold amount, the Receiver did not seek Court approval for the sale of the Campbell River assets. In the alternative scenario, the Receiver would have incurred moving and storage costs which Able Auctions estimates to be \$15,000. The moving and storage costs would significantly reduce the realizable value.

iv. North Vancouver

The landlord had not distrained the assets, however, the landlord requested that their premises be vacated as soon as possible so that the premises can be leased. The assets were moved to Able Auctions facility in North Langley on February 24, 2023.

The auction for this location is scheduled to take place on March 17, 2023 subject to Court approval.

22. Able Auctions has provided the following proposal to the Receiver (the "**Proposal**") which is attached as **Appendix A**:

- i. Able Auctions will market and sell the assets for a commission of 25% plus reimbursements of its out-of pocket moving costs; and
 - ii. Able Auctions will not charge storage costs.
23. The Receiver recommends that this Honourable Court approve the Proposal for the sale of the Granville Island and North Vancouver location assets for the following reasons:
- i. Able Auctions' commission is reasonable for a file of this nature. The Appraisal notes that the typical liquidator's commission for a file of this nature would be between 25% and 30%.
 - ii. Able Auctions is not charging storage costs for assets held at their locations which would reduce the holding costs;
 - iii. Able Auctions is familiar with the Companies assets as Able Auctions had already been engaged by two of the landlords and had knowledge of the Companies assets prior the receivership; and,
 - iv. Should the Receiver have to make alternate arrangements the costs will significantly impact the net recovery from the assets.

IV. CONCLUSION AND RECOMMENDATIONS

24. The Receiver has taken immediate action to protect and preserve the Companies assets and is prepared to realize on the assets.
25. Given the value of the assets compared to the costs associated with storing the assets the Receiver believes the greatest recovery will be an auction process as soon as possible.
26. The Receiver respectfully recommends that the Court approve Able Auctions' Proposal for the sale of the Granville Island and North Vancouver assets

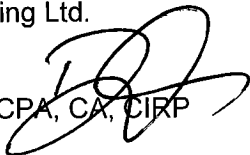
All of which is respectfully submitted to this Honourable Court this 2nd day of March 2023.

MNP Ltd.

in its capacity as Receiver of Explorer Marine Partners Ltd. and
Bluewater Rigging Ltd.

Per:

Doug Chivers, CPA, CA, CIRP



Appendix A

Able Auctions Proposal Dated February 24, 2023



(604) 325-2253 T.F. 800-910-1211

19757-92A Ave., Langley, B.C., Canada, V1M 3B3
31236 Peardonville Rd., Abbotsford, B.C., Canada, V2T 6G9

13557 77th Ave, Surrey, B.C., Canada, V3W 6Y2

1721 Fleet Pl., Nanaimo, B.C., Canada, V9S 5M2

2315 30th Ave. NE, Calgary, AB., Canada T2E 7C7

www.ableauctions.ca

February 24th, 2023

MNP

*1021 West Hastings Street,
Suite 1600 - MNP Tower,
Vancouver, BC, V6E 0C3*

Attention: Gordon Brown; Kevin Koo

Re: Bluewater Rigging, sale of assets.

Able Solutions Inc. dba Able Auctions has conducted business throughout Western Canada for more than 30 years. Over that time, we have conducted an average of ten auctions per month, selling product for a variety of consignors ranging from The Vancouver Regional Cooperative Purchasing Group (consisting of 12 local municipalities) to The Federal Government of Canada to thousands of small, medium and large privately-owned businesses.

Our Proposal:

Able Auctions will conduct on-site auction at the Campbell River location on March 7th and another on March 17 at Able's North Langley location with the GI and NV assets. Able will charge a selling commission of 25% across the board with GI and NV moving expenses deducted from net payout and CR rent deducted from that net payout. You will receive 3 different cheques and 3 different sales reports; one for each location.

Sincerely:

Jeremy Dodd

Jeremy Dodd

Able Auctions
604.313.4448