

Estate No. 11-2772140
Court No. B210455
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE PROPOSAL OF
LEGENDARY DEVELOPMENTS (SOUTH SURREY) LTD.**

DIVISION 1 PROPOSAL

MINUTES OF THE FIRST MEETING OF CREDITORS

MINUTES OF THE FIRST MEETING OF CREDITORS HELD VIA TELECONFERENCE ON THURSDAY, THE 20th DAY OF JANUARY, 2022 AT 2:00 PM AT THE OFFICE OF THE TRUSTEE LOCATED AT 1021 WEST HASTINGS STREET, SUITE 1600, VANCOUVER, BRITISH COLUMBIA.

Present: As per attendance list; which is attached hereto, and forms part of these minutes.

CALL TO ORDER

At 2:00 PM, Greg Ibbott declared the meeting properly called and a quorum being present, duly constituted.

Greg Ibbott then advised that he was acting as Chairperson (the “**Chairperson**”) of the meeting under authority of Section 105(1) of the *Bankruptcy and Insolvency Act* and that the following documents were maintained by the Trustee at its office and/or on the Trustee’s website:

- The Proposal Document;
- Certificate of Filing of a Proposal by a Bankrupt;
- Statement of Affairs;
- Trustee's Preliminary Report;
- Proof of Publication;
- Notice to Creditors of the Proposal and First Meeting of Creditors; and
- Affidavit of Mailing of Notice of First Meeting of Creditors.

The Chairperson explained that the purpose of the meeting was to consider the affairs of the debtor, to vote on the proposal, to affirm the appointment of the Licensed Insolvency Trustee (the “**Trustee**”) or appoint another Trustee, to appoint Inspectors, and to provide direction to the Trustee in respect of the administration of the Estate.

TRUSTEE'S PRELIMINARY REPORT TO CREDITORS

The Chairperson reviewed the Trustee's Preliminary Report at the meeting (which is attached and forms part of these minutes) and advised the creditors that the Trustee's Preliminary Report and other documents were available for review on a website maintained by the Trustee for the bankruptcy proceedings.

QUESTION PERIOD

The Chairperson asked the creditors if they had any questions for the Trustee or the director of Legendary Developments (South Surrey) Ltd.

Joseph Ng asked the Trustee how the creditors who did not vote would be treated. The Trustee responded that all creditors with proven claims would participate in an eventual distribution regardless of if they voted or not.

There were no further questions.

VOTING ON THE PROPOSAL

The Chairperson moved to the vote on the proposal.

IT WAS UNANIMOUSLY RESOLVED THAT the proposal be approved.

AFFIRMATION OF APPOINTMENT OR SUBSTITUTION

A motion was made by Joseph Ng and seconded by Henry Sangha that MNP Ltd. be affirmed in its appointment as Licensed Insolvency Trustee for the administration of the proposal proceedings.

IT WAS UNANIMOUSLY RESOLVED THAT MNP Ltd. be affirmed in its appointment as Proposal Trustee.

APPOINTMENT OF INSPECTORS

The Chairperson informed the meeting of the duties of an Inspector and the eligibility requirements provided by the Act.

The Chairperson called for the nomination of candidates. Henry Sangha and Roger Dusanj offered to act as Inspectors for this estate. A motion to approve Henry Sangha and Roger Dusanj as inspectors to the estate was made by Joseph Ng and was seconded by Jitender Bhagirath.

IT WAS UNANIMOUSLY RESOLVED THAT Henry Sangha and Roger Dusanj be appointed as Inspector of the Estate.

INSTRUCTIONS TO TRUSTEE

Greg Ibbott asked the creditors if they had any specific instructions for the Trustee with respect to the administration of the estate.

There were no additional instructions given to the Trustee.

ADJOURNMENT

There being no further business on the agenda, the meeting was adjourned at 2:26 PM.



Greg Ibbott, Chairperson

Attachments:

Attendance List

Proposal Trustee's Preliminary Report to Creditors

Voting Summary



COURT NO. B210455
ESTATE NO. 11-2772140

VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY & INSOLVENCY

IN THE MATTER OF THE PROPOSAL OF
LEGENDARY DEVELOPMENTS (SOUTH SURREY) LTD.

PROPOSAL TRUSTEE'S REPORT TO CREDITORS

BACKGROUND

Legendary Developments (South Surrey) Ltd. ("**Legendary**" or the "**Debtor**") was incorporated on June 28, 2017 and is a real estate developer based in Surrey, British Columbia.

A corporate registry search dated July 27, 2021 indicated that the Debtor's sole Director is Gurdeep Dhaliwal (the "**Mr. Dhaliwal**" or the "**Director**").

The Director advises that Legendary ceased day-to-day operations in June 2019.

Legendary was unable to meet its obligations as they generally became due and made a voluntary assignment in bankruptcy (the "**Bankruptcy**") pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the "**Act**") effective October 6, 2021 (the "**Date of Bankruptcy**"). MNP Ltd. was appointed Licensed Insolvency Trustee (the "**Trustee**") and was affirmed by the creditors at the first meeting of creditors. Harjeet Judge and Henry Sangha were appointed as inspectors (the "**Bankruptcy Inspectors**") at the first meeting of creditors.

With the approval of the Bankruptcy Inspectors, the Trustee filed a proposal to Legendary's creditors on January 4, 2022 (the "**Proposal**") and MNP Ltd. consented to act as Licensed Insolvency Trustee in the proposal proceedings (the "**Proposal Trustee**").

In preparing this Proposal Trustee's Report to Creditors (the "**Report**") and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Debtor's books and records, discussions with management and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report, the Proposal Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with



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LICENSED INSOLVENCY TRUSTEES
SUITE 1600, MNP TOWER, 1021 WEST HASTINGS STREET, VANCOUVER, B.C. V6E 0C3
1.877.363.3437 P: 604.639.0001 F: 604.904.8628 MNPdebt.ca

Generally Accepted Assurance Standards or other standards established by the Chartered Professional Accountants of Canada.

Capitalized terms used in the Report are the same as those referenced in the Proposal.

Unless otherwise stated herein, all references to currency are to Canadian currency.

SUMMARY OF PROPOSAL

A summary and major terms of the Proposal are as follows:

- Acceptance of the Proposal by the creditors, approval of the Proposal by the Court, and full completion of the Proposal terms operates to annul the Bankruptcy and revert in the Debtor all the right, title and interest of the Trustee in the property of the Debtor.
- There will be one Class of Creditors for the purpose of considering and voting upon the Proposal.
- A Proposal Sponsor has agreed to advance the Proposal Fund totaling \$700,000.
- The Proposal Trustee's fees and expenses, and legal costs of the Proposal Trustee arising out of the Proposal shall be paid from the Proposal Fund in priority to the Claims of General Creditors.
- The Claims of all Creditors will be paid a distribution equal to their *pro rata* share of the Proposal Fund based on their Proven Claim
- Upon the Court Approval of the Proposal, the Proposal Trustee will issue 30 day notices to any known creditor that has not submitted their Claim. If a creditor does not submit and prove their Claim within 30 days after the sending of the notice, the Proposal Trustee will proceed to declare a dividend or final dividend without regard to that Creditor's Claim.
- The Proposal contains a provision that Claims against the Debtor's Director are compromised after the filing of the Certificate of Full Performance provided for in section 65.3 of the Act.
- The Proposal contains a provision that sections 95 to 101 of the Act and any provincial statute relating to preference, settlement, fraudulent conveyance or the like will not apply to any dealings by the Debtor during the period prior to the Date of Bankruptcy.

OPERATIONS

As previously reported, the Debtor ceased day-to-day operations in June 2019 and will remain inactive until the Proposal is fully performed.

ASSETS

According to the Statement of Affairs filed in the bankruptcy, the Debtor does not have any assets.

The Debtor's Director reported that the Debtor had accumulated tax losses of approximately \$14,000,000. The tax losses of a bankrupt corporation do not have any value and were therefore not reported on the Statement of Affairs. As of the date of this report, there has not been any changes with respect to the Company's assets.

LIABILITIES

Secured Creditors

The Proposal Trustee has not obtained an independent legal opinion on the validity or enforceability of the various security agreements and/or Claims of the various secured creditors discussed in the Report.

CRA

The Director indicated that the Debtor does not have any employees. We do not anticipate a debt owing to CRA in relation to payroll withholdings.

Any debt owing to CRA for unremitted Goods and Service Tax at the Date of Bankruptcy will rank as a general, unsecured Claim. The Director advised that there is not any unpaid Goods and Service Tax and that all returns, and remittances are current.

Other Secured Creditors

A Personal Property Registry search performed by the Trustee, dated July 27, 2021 showed that 1075472 B.C. Ltd, AEI Holding Corp., CTJ Investments Inc., and Majoris Investments Ltd. have registered security agreements against the Debtor. As previously reported the Debtor does not have any assets, therefore the estimated value of the security for each of the above-named creditors is \$0 and each of these debts have been classified as unsecured on the Statement of Affairs.

Preferred Creditors

Employees

Employees are preferred creditors pursuant to Section 136 of the *Bankruptcy and Insolvency Act*, and as such, their preferred Claims must be paid in full before any payments are made to the general unsecured creditors. Each employee's preferred Claim may not exceed \$2,000, relating to wages and vacation pay during the six-month period immediately preceding the initial date of filing. Amounts owing in excess of the

threshold or relate to a period more than six months prior to the Notice of Intention, are general unsecured Claims. Any Claims relating to severance or termination pay are general unsecured Claims.

The Trustee is not aware of any preferred amounts owing to former employees.

Unsecured Creditors

The Statement of Affairs reports total unsecured creditors of \$25,117,016. However, Mr. Dhaliwal has advised the Proposal Trustee that he will not be making a claim for amounts showing owing to him of approximately \$2.7 million. Therefore, the total unsecured creditors that may submit claims is expected to be \$22,401,461.

Ultimately the amounts owing to the unsecured creditors will be based on proofs of Claim ("POC") filed and admitted by the Trustee. The Proposal allows that POC's filed by creditors in connection with the bankruptcy of the Debtor are included as filed in this Proposal. Creditors do not need to file again if they have filed their POC in the bankruptcy proceeding.

As of the date of this report ten proofs of Claim have been filed with the Proposal Trustee and represents approximately \$21,754,181 in total creditor Claims. There have been no significant differences between the Claims listed on the Statement of Affairs and the Claims filed with the Proposal Trustee to date.

CONDUCT OF THE DEBTOR

Preferences and Transactions at Under Value

The Trustee reviewed various financial documents including the Company's trial balance and tax returns for the years ending 2019 and 2020. From the Trustee's review of the books and records, there were no preferential transactions or transactions at under value identified that would likely be challenged by a Trustee in Bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act*.

REMUNERATION OF THE PROPOSAL TRUSTEE

The costs of administration pertaining to the Proposal Trustee's fees and disbursements and legal costs incurred in relation to the Proposal are a preferred Claim and will be paid from the Proposal Fund and will be subject to taxation by Court and approval of the Inspectors, if appointed.

The Proposal states that in the event no Inspectors are appointed, the Proposal Trustee may take advances of its Fees, subject to final taxation by the Court. If any Inspectors are appointed, they must approve any advances to the Proposal Trustee for fees, in accordance with the *Bankruptcy and Insolvency Act*.

Essence Properties Inc. provided the Trustee with a third party deposit in the amount of \$70,000 to cover the Trustee's professional fees for the administration of the bankruptcy process and as a retainer related to the proposal process.

ESTIMATED REALIZATION – BANKRUPTCY vs. PROPOSAL

The Proposal Trustee has prepared a Statement of Estimated Realization (the "Statement") which is attached as Schedule "A" to this Report and compares the estimated net realization in a bankruptcy versus proposal scenario. If the Proposal is not accepted by the creditors, the Debtor's bankruptcy will not be annulled.

Pursuant to the terms of the Proposal, \$700,000 will be paid into the Proposal Fund by the Proposal Sponsor and it is estimated that the creditors may receive a dividend of approximately 3%.

In a bankruptcy, the Trustee does not anticipate any proceeds to be realized and does not expect any realization for the Debtor's creditors.

CONSEQUENCES OF NON-APPROVAL OF THE PROPOSAL

If the Proposal is not accepted by the creditors, the Debtor's bankruptcy will be sustained. In a bankruptcy scenario we do not expect the creditors to receive a dividend.

Accordingly, we recommend acceptance of this Proposal.

DATED AT the City of Vancouver, British Columbia this 7th day of January, 2022.

MNP Ltd.

In its capacity as Licensed Insolvency Trustee
In the Proposal Proceedings of Legendary Developments (South Surrey) Ltd.
and not in its corporate capacity

Per:  CIRP, LIT, CPA, CA
Senior Vice President

**In the Matter of the Proposal of
 Legendary Developments (South Surrey) Ltd.**

**Statement of Estimated Realization (rounded)
 Bankruptcy vs. Proposal**

	Proposal	Schedule "A" Bankruptcy
ESTIMATED RECEIPTS		
Asset Realization	\$ -	\$ -
Proposal Sponsor Funding	700,000	-
Total Estimated Receipts	\$ 700,000	\$ -
ESTIMATED DISBURSEMENTS		
Proposal Trustee's Fees	38,095	-
GST on Above	1,905	-
Total Estimated Disbursements	\$ 40,000	\$ -
AVAILABLE FOR DISTRIBUTION	\$ 660,000	\$ -
Secured Creditors		
Canada Revenue Agency	\$ -	\$ -
Secured Claims of Employees	-	-
Preferred Creditors	-	-
General Unsecured Creditors	660,000	-
	\$ 660,000	\$ -
Estimated Claims of General Creditors	\$ 22,401,016	\$ 25,117,016
Estimated % Dividend (Note 1)	3%	0%

Notes:

1. The estimated dividend does not take into account the 5% levy payable to the Superintendent of Bankruptcy which is payable on all dividends. The levy is payable in either a proposal or bankruptcy.
2. With no funds available from company assets in the Bankruptcy process, the Bankruptcy Trustee Fees are paid by way of Third Party Retainer.

In the Matter of the Proposal of
 Legendary Developments (South Surrey) Ltd.
 Voting Summary

Creditor Name	SOA Amount	Filed POC	Proxy	Proxy Appointed	POC Amount	Admitted	Claim Voted	Prorata Claim Value	Voted For/ Against
1075472 B.C. Ltd.	1.00	no	N/A		-	-	-	0%	
1177849 BC Ltd.	1,975,222.31	yes	yes	MNP Ltd.	2,007,500.00	2,007,500.00	2,007,500.00	11%	For
AEI Holding Corp.	1.00	no	N/A		-	-	-	0%	
Balbir & Vir & Chatraj & Ravandeep	1,927,986.30	yes	yes	Chatraj (Roger) Dusanj	1,927,986.30	1,927,986.30	1,927,986.30	10%	For
Chanelle Cruz Design Inc	1,323,174.62	yes	yes	MNP Ltd.	1,323,174.62	1,323,174.62	1,323,174.62	7%	For
Chatraj & Sarbjit Dosanj	1,842,054.79	yes	yes	Chatraj (Roger) Dusanj	1,842,054.79	1,842,054.79	1,842,054.79	10%	For
CRA - Tax - Pacific	1.00	no	N/A		-	-	-	0%	
CTJ Investments Inc.	1.00	no	N/A		-	-	-	0%	
Gurdeep Dhaliwal	2,715,554.77	no	N/A		-	-	-	0%	
Harchand Sangha & Kamariot Sangha	2,171,232.88	yes	yes	Harjot (Henry) Sangha	2,171,232.88	2,171,232.88	2,171,232.88	12%	For
Jitender Bhagirath & Prem Bhagirath	2,205,753.42	yes	yes	MNP Ltd.	2,205,753.42	2,205,753.42	2,205,753.42	12%	For
Majoris Investments Ltd.	1,190,816.33	yes	yes	Joesph Ng	1,190,816.33	1,190,816.33	1,190,816.33	6%	For
Metropoint	3,532,241.79	yes	yes	Gurpinder Lally	3,617,999.62	3,617,999.62	3,617,999.62	19%	for
Ministry of Finance - PST - British Columbia	1.00	no	N/A		-	-	-	0%	
Ravandeep & Anjeet Dusanj	1,916,808.22	yes	no		1,916,808.22	1,916,808.22		0%	
Sarbjit Thind & Satinderpal Josan	2,209,863.01	yes	yes	Harjeet Judge	2,504,685.22	2,504,685.22	2,504,685.22	13%	For
Sukhvir & Jason Sidhu & Larry Heran	2,106,301.37	yes	no		2,236,986.30	2,236,986.30		0%	
WorkSafeBC - Collections Department	1.00	no	N/A		-	-	-	0%	
	25,117,015.81				22,944,997.70	22,944,997.70	18,791,203.18	100%	

Summary of Voting Results	
% of Votes In favour by dollar value	100%
% of Votes against by dollar value	0%
% Votes In favour by # of creditor	100%
% Votes for against by # of creditors	0%
Result of Vote	Approved