



No. S210184
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF BRYN GWYRDD HOLDNGS INC. and
Mynyddoedd Holdings Inc.

PETITIONERS

**FIRST REPORT OF LIQUIDATOR WITH RESPECT TO THE LIQUIDATION OF
BRYN GWYRDD HOLDINGS INC. AND Mynyddoedd Holdings Inc.**

**DATED FOR REFERENCE FEBRUARY 14, 2022
("LIQUIDATOR'S FIRST REPORT")**

INTRODUCTION AND BACKGROUND

1. Pursuant to an Order pronounced by Master Cameron of the Supreme Court of British Columbia (the “**Court**”) on March 4, 2021 (the “**Liquidation Order**”), it was ordered that Bryn Gwyrd Holdings Inc. (“**BGHI**”) and Mynyddoedd Holdings Inc. (“**MHI**”) and, together with BGHI, the “**Petitioners**”), be liquidated pursuant to s. 324 of the *Business Corporations Act*, SBC 2002, c. 57 (the “**BCA**”) and dissolved, and MNP Ltd. was appointed as Liquidator (the “**Liquidator**”) of the Petitioners.
2. These proceedings arise from an action in the United Kingdom against a Dr. Gerald Martin Smith (“**Smith**”). On or about November 13, 2007 (the “**November 2007 Order**”), the Crown Court of England and Wales pronounced a confiscation order against Smith and he was ordered to pay £40,956,911.
3. Smith did not satisfy the November 2007 Order, and the High Court of England and Wales appointed Finbarr O’Connell and Jeremy Outen of KPMG LLP as Enforcement Receivers pursuant to the terms of an order pronounced on April 7, 2008 (the “**April 2008 Order**”). The Enforcement Receivers were subsequently replaced by David Standish and John Milsom (hereinafter referred to as the “**Receivers**”) by way of order pronounced on May 29, 2013 (“the “**May 2013 Order**”).
4. The April 2008 Order was varied in December 2017 to extend the Receivers’ appointment over the shares, securities, and membership rights in numerous companies, including the Petitioners.
5. In May 2021, KPMG LLP completed the sale of its UK restructuring practice, which is now known as Interpath Advisory.
6. BGHI’s shares are wholly owned by PR Realisations 1 Limited (“**PR Realisations**”), a company registered in the British Virgin Islands. PR Realisations’ shares are wholly owned by the Receivers. The Receivers are also the directors of BGHI.
7. MHI’s shares are also wholly owned by PR Realisations, and the Receivers are the directors of MHI. Just prior to the granting of the Liquidation Order, the registered holder of MHI’s shares was Litigation Capital Limited (“**LCL**”), a company registered in the Marshall Islands. Pursuant to the terms of a Settlement Deed dated January 27, 2021 and attached as Exhibit “A” to the 2nd affidavit of John Milsom made on February 23, 2021 and filed in this proceeding, MHI’s shares were transferred to PR Realisations on March 1, 2021. The Receivers provided the Liquidator with various documents in respect of the share transfer.
8. Pursuant to the terms of the Liquidation Order, the Liquidator was empowered, among other things, to:
 - a. take possession of and exercise control over the Petitioners’ assets, property and undertakings, including the Petitioners’ bank accounts (the “**Property**”);

- b. determine, approve the payment of, or compromise any or all of the Petitioners' liabilities, and to determine the adequacy of the Property for discharging such liabilities; and
 - c. in the Liquidator's own discretion, realize the assets of the Petitioners and distribute those assets among the Petitioners' creditors and then to John Milsom and David Standish as Receivers of Smith.
9. The Liquidator has brought an application for an order that, among other things: (a) approves a proposed distribution to certain claimants from funds held in trust for BGHI; (b) approves the dissolution of BGHI upon the expiry of three (3) months from the date the Liquidator issues its notice under section 341(1)(c) of the BCA; and (c) authorizes the discharge of the Liquidator of BGHI upon completion of the remaining activities in relation to these liquidation proceedings (the "**Liquidation**") as detailed herein and on the dissolution of BGHI.
10. This is the Liquidator's first report to the Court (the "**Liquidator's First Report**"). In preparing the Liquidator's First Report and making comments herein, the Liquidator has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Petitioners, certain books and records of the Petitioners, and information from other third-party sources (collectively, the "**Information**"). The Liquidator 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 generally accepted assurance standards or other standards established by the Chartered Professional Accountants of Canada.
11. All amounts included herein are in Canadian dollars unless otherwise stated.
12. The purpose of the Liquidator's First Report is to advise the Court with respect to the following matters:
- Outline of Liquidator's administration to date;
 - Outline of the Petitioners' Property;
 - Outline of the Petitioners' Claims;
 - Fees and Disbursements of the Liquidator and of its legal counsel;
 - Dissolution of BGHI; and
 - Discharge as Liquidator of BGHI.

OUTLINE OF LIQUIDATOR'S ADMINISTRATION TO DATE

13. After pronouncement of the Liquidation Order, the Liquidator received the sum of \$3,708,282.92 from the Receivers, who were holding the funds in trust for BGHI. The funds were deposited to the Liquidator's trust account maintained for BGHI.

14. The Liquidator received the further sum of \$2,807,904.57 from the Receivers, who were holding those funds in trust for MHI. The funds were deposited to the Liquidator's trust account maintained for MHI.
15. The Liquidator has maintained a website for the Liquidation. Copies of relevant documents relating to these proceedings are available on the Liquidator's website at:

<https://mnpdebt.ca/en/corporate/corporate-engagements/bryn-gwyrdd-holdings-inc-and-mynyddoedd-holdings-inc>
16. The Liquidator attended to various statutory duties pursuant to the BCA, including filing notices of appointment of liquidator and filing liquidation reports, and publishing notices of the liquidation proceedings in the Gazette and Vancouver Sun newspaper.
17. The Liquidator exchanged various correspondence and participated in discussions with the Receivers and their legal counsel.
18. The Liquidator participated in discussions with an external accountant to BGHI, reviewed historical financial information and tax returns, and provided instructions regarding various tax accounts.
19. The Liquidator prepared and filed various corporate income tax returns on behalf of MHI and participated in numerous discussions and provided information and documents to the Canada Revenue Agency ("CRA").
20. The Liquidator arranged for the vast majority of funds held in the MHI trust account to be deposited into a Guaranteed Investment Certificate in order to earn interest income.

OUTLINE OF PETITIONERS' PROPERTY

BGHI

21. As reported earlier, the Liquidator received the sum of approximately \$3.7MM from the Receivers, who had held the funds in trust for BGHI.
22. As deposed in the affidavit #1 of John Milsom, made on December 11, 2020 and filed in these proceedings (the "**Milsom Affidavit #1**"), the funds represent the net sale proceeds from the sale of real property located at 3552 Falcon Crescent, Whistler, BC. (the "**Whistler Property**"), which remained after payment of certain creditors and expenses of BGHI. The Whistler Property was legally registered to 3552 Falcon Property Inc., a wholly owned subsidiary of BGHI.
23. The Liquidator was provided with a Declaration and Bare Trust and Agency Agreement dated April 6, 2016 and executed on behalf of 3552 Falcon Property Inc. as Nominee, and BGHI as Beneficial Owner (the "**Trust Agreement**"). The Trust Agreement stated

that the Nominee would hold legal title to the Whistler Property as nominee, agent and bare trustee for the sole benefit and account of the Beneficial Owner.

24. The Milsom Affidavit #1 also stated that 3552 Falcon Property Inc. was voluntarily dissolved in June 2020, and the proceeds from the Whistler Property were paid to BGHI.
25. The Liquidator is not aware of any other assets of BGHI other than the funds paid to the Liquidator.

MHI

26. As reported earlier, the Liquidator received the sum of approximately \$2.8MM from the Receivers, who had held the funds in trust for MHI.
27. As deposed in the Milsom Affidavit #1, the funds represent net sale proceeds which remained from the sale of land owned by MHI and located in Princess Louisa Inlet in British Columbia (the “**MHI Land**”), after the payment of certain expenses.
28. The Liquidator is not aware of any other assets of MHI other than the funds paid to the Liquidator.

OUTLINE OF PETITIONERS’ CLAIMS

Statutory Claims

BGHI

29. The Liquidator has confirmed that BGHI does not have an active payroll tax account registered with CRA and that there are no amounts owing to CRA with respect to unremitted payroll source deductions.
30. The Liquidator also confirmed that no amounts are currently owing for unremitted Goods and Service Tax (“**GST**”). The Liquidator arranged for a final GST Return to be filed on behalf of BGHI, and the GST account to be closed.
31. The Liquidator has reviewed various corporation notices of assessment issued by CRA with respect to corporate income tax returns filed up to and including the tax year-end of December 6, 2020. The various notices of assessment confirm there is no outstanding balance.
32. The corporate income tax returned was recently filed for the December 6, 2021 fiscal year-end which reports no balance owing or refundable.

MHI

33. The Liquidator has confirmed that MHI does not have an active payroll tax account registered with CRA and that there are no amounts owing to CRA with respect to unremitted payroll source deductions.
34. The Liquidator also confirmed that no amounts are currently owing for unremitted GST and the GST account was closed on December 31, 2015.
35. The Liquidator prepared and filed (NIL) corporate income tax returns for the fiscal years ending May 31, 2015 through May 31, 2021 inclusive. The Liquidator has received Notices of Assessment from CRA for each of these tax periods which confirm there is no balance owing.

Other Claims

BGHI

36. Attached as Exhibit "G" to the Milsom Affidavit #1 is a listing of creditors of BGHI which was prepared by the Receivers and based upon their review of BGHI's records as well as preliminary inquiries.
37. The Liquidator reviewed the listing of creditors and related invoices and conducted its own review and limited investigation of these proposed claims.
38. The Liquidator noted that the various invoices which were rendered between August 2016 and February 2018 were issued to SMA Investments Ltd., Timothy Power, Andiamo Ltd. and 3552 Falcon Property Inc., but not to BGHI. The Liquidator also noted that the invoices appeared to be for goods and services provided in relation to the Whistler Property.
39. The Receivers are of the view that the invoices rendered to these 3rd parties should be paid by the Liquidator from funds held in trust for BGHI as the Whistler Property was beneficially owned by BGHI. As the Receivers are the beneficiary of the vast majority of BGHI's assets, the Liquidator has not undertaken a comprehensive investigation to determine whether BGHI is legally responsible to pay the invoices.
40. The Liquidator did not receive any written notices from additional claimants within the two-month period (or at any time) after publication of the notice in the Gazette.
41. A search conducted by the Liquidator of the British Columbia Personal Property Registry did not report any registrations filed for BGHI.
42. Attached as **Appendix "A"** to this report is a list of claims prepared by the Liquidator and which totals \$35,474.12 (the "**BGHI Claims**"), and which the Liquidator proposes to pay from funds held in the liquidation trust account.

43. The Liquidator seeks approval from the Court to pay the BGHI claims.

MHI

44. The Liquidator understands from the petition which was filed seeking the appointment of the Liquidator that the Receivers are not aware of any creditors of MHI.
45. The Liquidator did not receive any written notices from any claimants within the two-month period (or at any time) after publication of the notice in the Gazette.
46. A search conducted by the Liquidator of the British Columbia Personal Property Registry did not report any registrations filed for MHI.
47. Accordingly, and at the date of this report, the Liquidator is unaware of any creditors of MHI.

DISTRIBUTIONS TO THE SHAREHOLDER

BGHI

48. The Receivers requested that the Liquidator pay certain legal accounts of Farris LLP, acting as counsel to the Receivers, which had been rendered to BGHI.
49. In that regard, the Receivers executed a Direction and Undertaking which was provided by the Liquidator that authorized and directed the Liquidator to pay the legal accounts of Farris LLP on account of PR Realisations. The Direction and Undertaking included an acknowledgement by the Receivers that the Liquidation was not yet complete, and that the Receivers undertake to repay, or cause to be repaid, to the Liquidator all or any portion of the funds distributed to Farris LLP that the Liquidator requests.
50. In accordance with the Direction and Undertaking documents executed by the Receivers, the Liquidator distributed approximately \$8,350 from funds held in trust for BGHI.
51. The Receivers also requested that the Liquidator make an interim distribution to BGHI's shareholder. The Liquidator paid \$3,570,000 to PR Realisations, and currently maintains a balance of approximately \$85,800 in the BGHI liquidation trust account.

MHI

52. The Receivers also requested that the Liquidator pay certain legal accounts of Farris LLP, acting as counsel to the Receivers, which had been rendered to MHI.
53. In accordance with Direction and Undertaking documents executed by the Receivers, the Liquidator distributed approximately \$8,100 from funds held in trust for MHI. The

Liquidator currently maintains a total balance of approximately \$2,777,400 held in trust for MHI.

54. As the Liquidator is not aware of any creditors of MHI, the Liquidator will proceed to distribute available funds to PR Realisations, prepare the Liquidator's final accounts and issue the requisite notice pursuant to section 341 of the BCA.

ESTIMATED STATEMENT OF FINAL ACCOUNTS - BGHI

55. The details of the Liquidator's receipts and disbursements to February 8, 2022, as well as an estimate of the accounting of the BGHI Property to conclude the Liquidation (the "**Estimated Final Accounts**"), are set out in **Appendix "B"** to this report.

LIQUIDATOR'S ACCOUNTS AND LIQUIDATOR'S COUNSEL'S ACCOUNTS

56. Pursuant to the Liquidation Order, unless the Petitioners' otherwise consent, the Liquidator and its legal counsel, are to pass their accounts, and for that purpose are referred to a judge of the Supreme Court of British Columbia on a summary basis.
57. The Receivers have consented to the Liquidator and its legal counsel dispensing with the passing of their accounts rendered to December 31, 2021.

DISSOLUTION OF BGHI

58. The Liquidator's administration of BGHI has been substantially finalized, with the exception of the following matters:
 - a) distribution of remaining funds as set out in the Estimated Final Accounts and closing the Liquidator's trust account thereafter; and
 - b) preparing and filing the final corporation income tax return to dissolution.
59. The Liquidator of BGHI respectfully requests that the Court grant an Order authorizing the dissolution of BGHI upon completion of the matters set out above, and upon the expiry of three (3) months from the date the Liquidator issues its notice under section 341(1)(c) of the BCA.

DISCHARGE OF LIQUIDATOR OF BGHI

60. Should this Honourable Court grant an order approving the dissolution of BGHI, the Liquidator also respectfully requests that the Court grant the Liquidator its discharge upon the dissolution of BGHI.

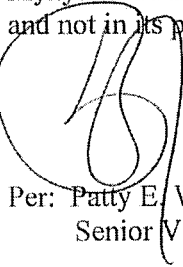
COURT APPROVAL SOUGHT

61. Based on the foregoing, the Liquidator seeks a Court Order for the following relief:
- (a) approving payment of the BGHI Claims in the total amount of \$35,474.12 as set out in Appendix "A" of the Liquidator's First Report;
 - (b) approving the dissolution of BGHI, upon the expiry of three (3) months from the date the Liquidator issues its notice under section 341(1)(c) of the BCA; and
 - (c) discharging the Liquidator upon dissolution of BGHI.

DATED AT Vancouver, British Columbia, this 14th day of February, 2022.

MNP Ltd.

**In its capacity as Liquidator of
Bryn Gwyrdd Holdings Inc. and
Mynyddoedd Holdings Inc.
and not in its personal capacity**



Per: Patty E. Wood CPA, CGA, CIRP, LIT
Senior Vice President

Appendix A

BRYN GWYRDD HOLDINGS INC. - IN LIQUIDATION
LISTING OF CLAIMS

Out On A Limb Landscaping Inc. \$ 9,430.00
Invoices rendered to SMA Investments Ltd.

Pipeline Plumbing & Heating Ltd. 3,191.47
Invoices rendered to SMA Investments Ltd.

Poolside Spa Services Ltd. 1,459.81
Invoices rendered to Timothy Power

JCF IV Culinary Inc. dba The Collective Kitchen 21,392.84
Invoices rendered to Andiamo Ltd.

TOTAL \$ 35,474.12

Appendix B

BRYN GWYRDD HOLDINGS INC. - IN LIQUIDATION
ESTIMATED STATEMENT OF FINAL ACCOUNTS

RECEIPTS

Funds Held In Trust by Receiver

\$ 3,708,282.92

TOTAL

\$ 3,708,282.92

DISBURSEMENTS

Accounting Fees

\$ 750.00

Bank Service Charges

221.50

Fees of Legal Counsel to Liquidator

6,485.02

Filing fee paid to Registrar

40.00

GST paid on disbursements

2,073.60

Legal Notices

616.78

Liquidator's Fees

33,752.70

Miscellaneous Disbursements

181.90

TOTAL

\$ 44,121.50

NET LIQUIDATION RECEIPTS

\$ 3,664,161.42

DISTRIBUTIONS TO SHAREHOLDER

\$ 3,578,346.56

BALANCE ON HAND - FEBRUARY 8, 2022

\$ 85,814.86

ESTIMATED DISBURSEMENTS TO DISSOLUTION

Accounting Fees

\$ 787.50

Bank Service Charges

75.00

Creditor Claims

35,474.12

Filing Fees to Registrar

20.00

Liquidator's Fees including GST

24,500.00

Fees of legal counsel to Liquidator including taxes

20,000.00

Final Distribution to Shareholder

4,958.24

TOTAL

\$ 85,814.86

FINAL BALANCE

\$ -