

COURT FILE NUMBER	2103 00842
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
PLAINTIFF	ERAN GURVICH, in his capacity as ENFORCING AGENT for BALRAJ BRAR, MARK VAN BOMMEL, WILSON LEE, DARRYL ROITMAN, EDWARD TAN and ANG FC LTD.
DEFENDANTS	INTELIFE LP AND INTELIFE GP LTD.
DOCUMENT	<b>SECOND REPORT TO THE COURT OF MNP LTD. IN ITS CAPACITY AS RECEIVER OF INTELIFE LP AND INTELIFE GP LTD.</b>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Ogilvie LLP 1400 Canadian Western Bank Place 10303 Jasper Avenue Edmonton, AB T5J 3N6 Attn: Kentigern Rowan QC Phone (780) 429-6236 Fax (780) 429-4453 KRowan@ogilvielaw.com

### **Introduction and Purpose of the Report**

1. MNP Ltd. was appointed as Receiver of Intelife LP (“**ILP**”) and Intelife GP Ltd. (“**IGP**”) (collectively pursuant to an order dated January 19, 2021 (the “**January 19 Order**”) of the Honourable Justice R.A. Gaesser of the Court of Queen’s Bench of Alberta (the “**Court**”).
2. MNP Ltd. was further appointed as Receiver of Intelife Security and Automation Ltd. (“**ISA**”) and Intelife Finance Corporation (“**IFC**”) by way of a receivership Order of the Honourable Justice J. Gill of the Court on February 1, 2021 within the ILP Court action (the “**February 1 Order**”).
3. MNP Ltd. is hereinafter referred to as the “**Receiver**”.
4. ILP, IGP, ISA and IFC are hereinafter referred to collectively as the “**Group of Companies**” or “**Intelife**”.
5. In accordance with a January 27, 2021 Alberta Corporate Registry Search, the principal Shareholders of IGP are David Dandridge (33.33%), Marcin Drozd (33.33%) (“**Marcin**”) and Bojan Konstandinovic (33.33%) (“**Bojan**”). The directors are listed as David Dandridge (“**David**”), Brian Denysuik, Marcin, John Howard, and Bojan.
6. In accordance with a January 27, 2021 Alberta Corporate Registry Search, the sole shareholder of ISA is listed as ILP (100%). The directors of ISA are listed as David, Marcin and Bojan.
7. In accordance with a January 27, 2021 Alberta Corporate Registry Search, the sole shareholder of IFC is listed as ILP (100%). The directors of ISA are listed as David, Marcin and Bojan.

8. Bojan and David appear to have been the controlling minds behind the operations of IFC and ISA and carried out various operational functions including providing direction to staff, controlling the flow of funds, and controlling and maintaining the books and records.
9. This is the Receiver's Second Report to Court (the "**Second Report**") and it should be read in conjunction with the Receiver's First Report to Court dated January 28, 2021 (the "**First Report**"). The purpose of the Second Report is to advise the Court with respect to the following:
  - Background of the security system finance and monitoring industry;
  - Corporate structure;
  - Contract purchases'
  - Share sale/purchase'
  - Bojan customer contracts;
  - Summary of the activities of the receiver since the First Report;
  - Identification of assets available for sale;
  - Receiver's proposed sale and investment solicitation process ("**SISP**");
  - Other matters;
  - Interim statement of receipts and disbursements;
  - Professional fees and receiver's charge; and,
  - Court approval sought.
10. In preparing the Second Report and making comments herein, the Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information of the Group of Companies, the Group of Companies books and records, and information from other third-party sources (collectively, the "**Information**"). The Receiver 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. Materials with respect to this proceeding can be found on the Receiver's website at <https://mnpdebt.ca/en/corporate/corporate-engagements>.

### **Security System Finance and Monitoring Industry**

12. There exists in Canada a security system finance and monitoring industry whereby the cost of security systems for residential and commercial uses and the cost of monitoring thereof are financed and the revenue stream from these contracts are sold and assigned to corporations who are prepared to purchase the revenue stream and possibly other rights therein.
13. There are entities of various sizes who market to the public the sales, installation, maintenance and monitoring of security systems for both residential and commercial purposes (the "**Dealer**").
14. Upon obtaining a sale, the Dealer will supply and install a security system and provide monitoring of the system for the customer over an agreed upon specified period of time and for a fee.
15. The customer is offered the opportunity to finance the cost of the equipment and installation rather than paying those costs up front (the "**Initial Cost**").
16. If the customer chooses to finance the Initial Cost, the Dealer obtains the necessary personal information from the customer in order to perform credit checks to determine the creditworthiness of the customer.

17. Upon accepting the customer as creditworthy, a finance contract is entered into with the customer to finance the Initial Cost over a specified term with monthly payments being made by the customer which monthly payments includes a financing component.
18. In addition to the financing of the Initial Cost, the customer is also offered monthly monitoring of the security system for a fee. The monitoring services will generally be for the same term as the financing of the Initial Cost.
19. The financing contract for the Initial Cost and the monitoring fee are hereinafter collectively referred as the "**Customer Contract**" and the monthly revenue is hereinafter referred to as the Recurring Monthly Revenue ("**RMR**").
20. The Dealer then has the option of either collecting the RMR for the period of the Customer Contract and arranging for and providing the monitoring services agreed to, or selling the Customer Contract to a financing company specializing in the financing of customer contracts of this type (the "**Finance Company**").
21. If the Dealer chooses to sell the Customer Contract to a Finance Company, the Dealer will provide to the Finance Company information with respect to the Custer Account including the personal information of the customer and the credit investigations conducted by the Dealer.
22. If the Customer Contract is accepted by the Finance Company, the Finance Company will pay the Dealer a lump sum for the contact and thereafter the Finance Company is entitled to receive the RMR related to the Customer Contract.
23. The Finance Company is responsible for providing the monitoring services for the Customer Contract and will normally do so by retaining the services of a third-party monitoring service and paying for those services from the RMR being collected from the customer.
24. The Dealer is generally required to provide the technical support for the security system and is generally the main point of contact for the customer.
25. The respective rights of the Finance Company and the Dealer to the relationship with the customer and the revenue from contract renewals and additional sales to the customer appear to be governed by the agreements entered into between the Dealer and the Finance Company(ies) and appear to vary from agreement to agreement.

### **Corporate Structure**

26. ILP is a Limited Partnership and IGP is the general partner.
27. ILP appears to have been established as a Finance Company for the purposes of purchasing Customer Contracts generally in accordance with the process as described herein.
28. ISA appears to have been established as a Dealer which marketed security systems and monitoring services to the public and upon establishing a sale, would supply and install equipment either through their own employees or through subcontractors.
29. IFC appears to have been established either as a broker or Finance Company for the purposes of acquiring from dealers their Customer Contracts generally as described herein.

### **Contract Purchases**

30. ISA and IFC appear to have been initially established by Bojan and he appears to have been the sole shareholder of these entities.

31. Pursuant to agreements between ILP/IGP and ISA, ILP/IGP purchased from ISA, ISA's customer contracts (the "**Authorized Operator Agreement**").
32. Pursuant to agreements between IFC and certain Dealers, IFC purchased from those Dealers the Dealers' Customer Contracts (the Dealers from whom IFC purchased Customer Contracts are hereinafter referred to as "**Partners**" and the agreements between IFC and the Partners are hereinafter referred to as "**Partnership Agreements**").
33. The Partnership Agreements entered into between IFC and an individual Partner vary from Partner to Partner and are further described later in this report.
34. It appears that ILP/IGP provided IFC with the funds to acquire the Customer Contracts from the Partners and that IFC was acquiring those Customer Contracts pursuant to an agreement between IFC and ILP/IGP (the "**Broker Agreement**").
35. The administration of the ISA Customer Contracts and the Customer Contracts acquired from Partners pursuant to the aforesaid Partner Agreements, including the billing and collecting of RMR and the supply of monitoring services generally as described herein, were performed by ISA and IFC respectively.

### **Share Sale/Purchase**

36. Pursuant to a Share Purchase Agreement dated June 10, 2020, ILP/IGP acquired from Bojan all of the shares of ISA and IFC, thereby making ISA and IFC wholly owned subsidiaries.
37. It is a term of the Share Purchase Agreement that prior to the closing of the share purchase, certain Customer Contracts would be transferred by ISA and IFC to Bojan (the "**Bojan Customer Contracts**"). The Receiver is in the process of identifying the Bojan Customer Contracts which are subject to this arrangement.
38. It appears that the administration of the Bojan Customer Contracts has remained with IFC and ISA.
39. The Receiver has not located any consents of the Partners to the transfer and assignment of the Customer Contracts from IFC to Bojan.

### **Bojan Customer Contracts**

40. The Receiver has received a request from Bojan to transfer the Bojan Customer Contracts to him.
41. Some of the Bojan Customer Contracts are accounts obtained by IFC from Partners.
42. As indicated herein, some or all of the Partner Agreements appear to contemplate the Partners' consent before the rights of IFC can be assigned.
43. The Receiver has not been able to locate any consents from Partners allowing it to transfer any accounts acquired by IFC from the Partners.
44. The Bojan Customer Contracts will not form any part of the SISF and will not be offered for sale pursuant thereto.

### **Activities of the Receiver**

45. Since the First Report, the Receiver has carried out the following non-exhaustive list of activities:

- Prepared and Issued the Notice and Statement of Receiver in respect of ISA and IFC;
  - Responded to numerous calls and inquiries from creditors and investors;
  - Held numerous discussions with the shareholders/directors (and their counsel, where appropriate) in respect of the ongoing receivership matters;
  - Undertook efforts to gather relevant books and records of ISA and IFC from the leased premises, the shareholders and directors, and third parties (including former accountants) where possible;
  - Prepared Records of Employment and T4's for the employees of ISA and IFC for 2020;
  - Prepared Amended information packages for employees eligible for the Wage Earner Protection program (“**WEPP**”) process;
  - Obtained and paid delinquent invoices for critical services, such as the interactive and monitoring service providers, in order to maintain the servicing of the security contracts and avoid imminent termination of services;
  - Obtained control of the billing and software services providers, where known, including accounts with GlobalPayments, ChargeOver, Bambora, Rotessa and Moneris and made arrangements, where possible, for funds to be deposited directly to the Receiver's trust account;
  - Maintained payroll services for the retained employees;
  - Maintained operational aspects of the security contracts, including the billing and customer service functions required under the contracts, through the existing employees and through arrangements with certain of the IFC third-party partners (as defined and described further below);
  - Completed a lengthy and detailed reconciliation of the list of security contracts in order to determine which security contracts remain active, within the control of the Group of Companies, and continued to be billed; and,
  - Compiled the data required to initiate the SISP, details of which are further set out below.
46. The Receiver inquired with the directors of ISA and IFC as to the existence of any additional bank accounts for the Group of Companies, including confirmation as to the status of a formerly known ATB Financial (“ATB”) account and was advised that the ATB account had been closed for a period of time and there was no other known active bank accounts.
47. The Receiver, through its own efforts, subsequently became aware of a Moneris account held by ISA which was attached to an active ATB account in the name of ISA. The Receiver confirmed with ATB that the account was currently overdrawn as of the end of February 2021. ATB has taken steps to close the account and the Receiver has made a request for copies of historical bank statements in relation to same.
48. On or around February 1, 2021, the Receiver was advised of an attempted transfer of approximately 400 accounts from the IFC interactive platform held with Alarm.com (“**Alarm.com**”) to a third party Alarm.com account. The Receiver intercepted the transfer and was subsequently advised by Alarm.com that the transfer request was initiated through the login credentials of an account held by a former employee of Intelife.
49. On or around February 3, 2021, after granting of the February 1 Order, the Receiver was provided access to the online software accounts for ChargeOver (“**ChargeOver**”), a recurring billing software utilized by the Group of Companies to bill its customers. Upon obtaining access to ChargeOver, it became evident that between February 1 and February 2, 2021 approximately 1100 customer accounts had been manually cancelled within the ISA and IFC ChargeOver database. Based on information obtained from the ChargeOver platform, the cancellations were initiated through the login credentials of an account held by a former employee of Intelife. As a result of the cancellation, the Receiver, with the assistance of the retained Intelife staff, was required to reconcile the cancelled accounts and work with a representative of ChargeOver to reinstate the billing functions so that the accounts could continue to be billed and the RMR collected in relation to same.

50. IFC has approximately 1200 accounts obtained from various Partners under the terms of Partnership Agreements. In accordance with the terms of the Partner Agreements, each of the Partners was to maintain the customer service functions of the customer accounts, including technical services while IFC primarily maintained the billing functions and collected the RMR.
51. The Receiver has had multiple discussions with three of the largest Partners, Turniphomes Inc. ("**Turnip**"), Capitol Security Inc. ("**Capitol**") and Pulse Medical ("**Pulse**") who are party to approximately 1020 (or 85%) of the total estimated 1200 customer contracts subject to the Partnership Agreements. Each of Turnip, Capitol and Pulse expressed frustration with Intelife's historical billing policies for the customers which it has maintained has led to higher attrition rates on the portfolio of contracts.
52. The Receiver has made agreements with Capitol and Turnip with respect to the billing functions of the Customer Contracts on an ongoing basis which sees Capitol and Turnip bill the customers directly and remit the monthly RMR and a reconciliation of collections to the Receiver on an agreed upon basis. The Receiver believes that is in the best interests of both the end customer and the Receiver in that the customer will have only one point of contact for all its requirements under the Customer Contracts which will lead to less customer frustration and therefore less attrition.
53. Turnip has established a mechanism, via a shared billing account with the Receiver, whereby the amounts collected from the Turnip customer accounts is automatically deposited into the Receiver's trust account.
54. Under the agreement with the Receiver, Capitol is required to report and remit to the Receiver twice monthly.
55. The Receiver has not authorized any transfer of the rights to any Customer Contract, and therefore the control of each of the Customer Accounts, insofar as the interactive and monitoring platforms are concerned, remains unchanged in respect of all the Capitol and Turnip accounts.
56. Each of Turnip and Capitol maintained its own database of the customer billing information and therefore was able to quickly institute the billing functions on its own without any assistance of the Receiver.
57. The Receiver had initiated discussions with Pulse in relation to a similar billing agreement, however, Pulse, without the authorization of the Receiver, communicated to the Pulse customers that Pulse would be taking over the monthly invoicing and proceeded to bill the customers on March 1, 2021 without the Receiver's express authority. As of the date of the Second Report, the Receiver has made several requests but not received the required reconciliation and RMR from Pulse. Pulse has maintained that it is working through its reconciliation and that it is forthcoming.
58. The Receiver has communicated to Pulse that it will complete the billing itself, through the retained Intelife staff and resources, going forward and that Pulse has no authority to undertake any action with respect to billing of the Pulse accounts without the Receiver's consent.
59. The Receiver, with the assistance of the retained Intelife staff, has prepared a list of the outstanding accounts receivable ("**AR**") due to Intelife from the Partners pursuant the terms of the Partnership Agreements. In accordance with the terms of the Partnership Agreements, the AR has arisen as a result of the recourse provisions contained in the Partner Agreement. The total AR due is estimated to be approximately \$565,000. The Receiver is in the process of issuing collection notices to the Partners in respect of the outstanding AR.
60. The Receiver does not intend to include the outstanding accounts receivable as an asset to be purchased within the SISP.

### **Identification of assets available within the SISP**

61. In preparation to take Intelife's interest in the Customer Contracts to market pursuant to the SISP, the Receiver has been reconciling the portfolio of Customer Contracts to which Intelife is a party, including those that were originated by ISA directly (the "**ISA Contracts**") and those originated through the Partnership Agreements with the Partners (the "**IFC Contracts**").
62. In order to determine the saleability, the Receiver has undertaken substantial efforts to reconcile the list of ISA Contracts and IFC Contracts available to potential purchasers based on, but not limited to, the criteria outlined below:
- Confirming whether the individual Customer Contracts were active, including confirmation of monthly billing to customer;
  - Confirming that the Receiver had in its records a copy of the individual customer files, including a copy of each security contract and related documents;
  - Reconciling the ISA Contracts and the IFC Contracts to accounts for cancelled, suspended, or inactive accounts;
  - Identifying and setting aside the accounts personally claimed as owned by Bojan (discussed in further detail below); and,
  - Preparation of other financial reports deemed of interest to prospective purchasers.
63. Based on the books and records of the Group of Companies, a list of contracts was provided to the Receiver at the outset of the receivership proceedings, which was reconciled with the Intelife billing software(s) and recorded a combined total of 2939 ISA Contracts and IFC Contracts (the "**Original Intelife Contracts**"). Based on the Receiver's reconciliation process as outlined above, the Receiver has revised the total number of ISA Contracts and IFC Contracts available for sale to be 2081 (the "**Intelife Contracts**"). As a result of the reconciliation, the Original Intelife Contracts list was revised to account for the following:
- 509 contracts which were cancelled between June 2020 and January 2021 but not reflected as such in the Original Total Contracts list;
  - 224 contracts which the Receiver believes may be the Bojan Customer Contracts;
  - 113 contracts wherein no record of either the contract itself or confirmation of any historical or current billing pursuant to the contract could be located (the "**Missing ISA Contracts**").
  - 8 non-revenue generating contracts wherein the customer is a former employee of the Group of Companies; and;
  - 4 IFC Contracts wherein the billing information is not known.
64. With respect to the Missing ISA Contracts, the Receiver, with the assistance of Bojan, was able to obtain copies of the Missing ISA Contracts from the Intelife records that reside in Bojan's possession. As noted in the First Report, Bojan has maintained that ownership of the Fillquick software is a personal asset held by him, however, FillQuick houses information in relation to the Intelife Contracts.
65. Despite having retrieved copies of the Missing ISA Contracts, the Receiver has not been able to locate any billing information, including any confirmation as to how, when or if the Missing ISA Contracts have ever been billed by the Group of Companies. The Receiver has investigated each of the billing software systems it aware of (e.g. ChargeOver, Rotessa, Bambara, Moneris) and has inquired with Bojan as to any knowledge of prior billings but to date has not received any additional information that has led to obtaining the required data. As such, the Receiver cannot include the Missing ISA Contracts in the SISP.
66. If further information can be obtained subsequent to the Second Report that allows the Receiver to subsequently offer the Missing ISA Contracts for sale, the Missing ISA Contracts can be offered for sale at later date.

67. With respect to the IFC Contracts, the Receiver notes the following:

- There are 11 Partners who have entered into Partnership Agreements with IFC;
- As previously referenced, approximately 85% of the IFC Contracts are held with 3 of the 11 Partners;
- There appears to be two variations of the Partnership Agreements, namely, the:
  - i. Intelife Finance Corporation Authorized Partnership Agreement; and,
  - ii. Master Funding Partner Agreement
- The Receiver has not compared each similarly named Partnership Agreement to note any nuances between the language and format;
- The Intelife Finance Corporation Authorized Partnership Agreements and the Master Funding Partner Agreements appear to have variations in language that impact the degree to which IFC obtains rights in the Customer Contracts and/or the RMR and rights to the continuing relationship with customers;
- Bojan has maintained that IFC, in all cases, has purchased the Customer Contracts, in addition to the RMR related to the Customer Contracts; and,
- Some Partners have maintained that IFC has purchased the RMR for the term of the Customer Contracts but that the relationship with the customer remains property of the Partners.

68. The Receiver and the Receiver's counsel have reviewed the Partnership Agreements but has not, and does not, intend to render formal opinions on the underlying assets available to purchase in accordance with the Partnership Agreements.

69. The Receiver will make available, through its SISP, copies of all relevant Partnership Agreements so that potential purchasers may review the Partnership Agreement in detail while conducting their due diligence in view of putting forth an offer to purchase.

70. Of note, certain, or all, of the Partnership Agreements contain a clause requiring the consent of the Partner in respect of an assignment of the Partnership Agreement, such consent which is not to be unreasonably withheld. The Receiver intends to seek approval of the assignment through a subsequent Vesting Order to be obtained on a sale approval application following the conclusion of the SISP.

### **Receiver's proposed sale and investment solicitation process ("SISP")**

#### *Information to be made available*

71. As noted above, the Receiver intends to initiate a SISP in order to solicit offers to purchase from potential purchasers in respect of the Intelife Contracts. In order to facilitate the provision of data to potential purchasers, the Receiver will establish an online data room (the "Data Room") wherein the following information will be made available to prospective purchasers, upon the execution of a form of Confidentiality and Non Disclosure Agreement (the "**NDA**"):

- A detailed listing of the ISA Contracts including, where available, the gross and net monthly RMR, the known interactive and monitoring costs, general location of the customer, type of contract (residential or commercial), length of contract term and term remaining;
- A detailed listing of the IFC Contracts including, where available, the gross and net monthly RMR, the known interactive and monitoring costs, general location of the customer, type of contract (residential or commercial), length of contract term and term remaining;
- Copies of the relevant Partnership Agreements;
- Redacted, sample customer contracts in relation to the ISA Contracts and the IFC Contracts;



- Financial reports (e.g. attrition reports) where available; and,
  - The Receiver's terms and conditions of sale and the form of offer to purchase.
72. The Receiver will not be making available to prospective purchasers' copies of the underlying customer contracts with the respect to the ISA Contracts and IFC Contracts within its Data Room. The underlying customer contracts contain sensitive personal information in relation to the customers including names, addresses, phone numbers and financial (credit) information. The information provided in the Data Room will be redacted to protect the privacy of the customer information.
73. The Receiver will not make any representations or warranties with respect to the rights that Intelife owns in any of the Intelife Contracts whether generated by ISA or purchased by IFC.
74. The SISP will indicate to prospective purchasers that they must rely on their own due diligence and interpretation of the Partner Agreements to determine what rights they are acquiring, and that the Receiver is only selling those rights that Intelife has.
75. As a number of the Partners have expressed interest in repurchasing their own accounts, the Receiver intends to offer the Intelife Contracts for sale in a way that prospective purchasers can bid on the Intelife Contracts en-bloc or in specific groups. For greater clarity, prospective purchasers may be able to acquire the ISA Contracts or the Partner accounts (or a portion of the Partner accounts) by Partner portfolio in respect of the larger portfolio of accounts (e.g. Capitol, Pulse, Turniphomes, etc.) with the remainder, being the smaller portfolios of the Partner accounts, grouped as one portfolio for the purposes of making an offer to purchase.
76. The SISP will also inform all purchasers that any accepted offer is subject to Court approval and the granting of a Vesting Order.
77. The Receiver, upon accepting an offer, and with a view of entering into an asset purchase agreement, will make the underlying Customer Contracts available to the prospective purchaser such that the purchaser can conduct further due diligence (if required). Additionally, the Receiver, as part of the closing process, will be required to make copies of the underlying Customer Contracts available to the purchaser so that the purchaser can take over the necessary functions of administering the customer accounts.
78. The Receiver will seek approval of the Court in respect of all sales of the Intelife Contracts, including a form of Vesting Order in respect of same.

*Target market and advertising*

79. The Receiver understands that Intelife would fit into the small/mid-market space within the security industry.
80. The Receiver has, as of the date of the Second Report, compiled an initial list of prospective purchasers based on:
- research of competitors and known players within the security services industry (both locally and nationally);
  - referrals and contacts from MNP's approximately 600 nation-wide partners;
  - referrals from Bojan; and
  - existing interested parties (e.g. the Partners).
81. The Receiver has prepared and will circulate an information summary to prospective purchasers at the outset of the SISP and invite all interested parties to request access to the Data Room upon execution of the NDA.

82. The Receiver further intends to advertise the sale on social media and its website.

83. Any and all material of the Receiver communicated to the prospective purchasers will note that the sale of the Intelife Contracts will be made on an as-is, where-is basis, without any representation or warranty (express or implied) from the Receiver.

*Estimated timeline to completion*

84. The Receiver’s estimated timeline to initiate and conclude the sale (including the closing process) is set out below:

<b>Process Stage</b>	<b>Timing</b>
Information Summary sent to interested parties	Commencing March 24, 2021
Web-based data room access provided to prospective purchasers	Commencing March 24, 2021
Deadline for Offers to Purchase	12:00 PM on April 14, 2021
Selection of successful Offers to Purchase	April 21, 2021 (estimated)
Court approval of sale	May 12, 2020 (estimated)
Closing	May 26, 2020 (estimated)

With respect to the SISP, the Receiver at all times reserves the right to:

- Amend or terminate the sales procedures during the sales process;
- Accept an Offer to Purchase that may not necessarily be the highest offer;
- Negotiate with one or more prospective purchasers at any time;
- Set a minimum offer price for any of the assets;
- Enter into a definitive transaction agreement without prior notice to other prospective purchasers at any time during the transaction process; and
- Not accept any Offers to Purchase.

**Other Matters**

85. Canada Revenue Agency (“CRA”) has contacted the Receiver to schedule a trust examination in relation to the accounts of the Group of Companies. The Receiver is in the process of determining what information that CRA requires in order to facilitate the trust examination and whether the requested information can be sourced from the books and records of the Group of Companies. The Receiver understands there to be a payroll source deduction debt owed by ILP and that there is likely additional debts owed, but does not have sufficient information to speak to the quantum of the debt(s) at this time.

86. Counsel acting on behalf of a shareholder of the Group of Companies has approached the Receiver with respect to the Receiver’s intention or willingness to commence litigation against another shareholder(s) on behalf of ILP. The basis for the litigation stems from the prior Share Purchase Agreement in respect of ILP acquiring ISA and IFC. The shareholder has alternatively sought authority to undertake the potential action on its own in the event that the Receiver declines to do so. The Receiver is currently reviewing the requested action.

**Interim Statement of Receipts and Disbursements**

87. Attached as **Schedule A** is a copy of the Receiver's Interim Statement of Receipts and Disbursements to March 10, 2021. The Receiver is currently holding a balance of \$70,632 in its trust account.
88. There is approximately \$8,000 in outstanding payables that have not yet cleared the account which reduces balance available to approximately \$62,000.

### **Professional fees and Receiver's Charge**

89. Attached as **Schedule B** is a summary of the Receiver's fees accrued to March 9, 2021 totaling \$78,475.03 (before GST).
90. As of February 22, 2021, the accrued fees and disbursements of the Receiver's counsel totals \$23,494.56. In addition to those accounts, there is work in progress that has not yet been billed.
91. In accordance with the January 19 Order, the Receiver was granted a priority administrative charge over the assets of ILP and IGP in relation to its fees and disbursements and the fees and disbursements of its counsel in the sum of \$100,000.
92. In accordance with the February 1 Order, the Receiver's charge was maintained at \$100,000 as an aggregate charge over the assets of ILP, IGP, ISA and IFC.
93. Considerable additional work has been required from the Receiver and its counsel as a consequence of the receivership being extended from one company to four companies. While a large portion of the work required to bring the assets of the Group of Companies to market has been completed, there is considerable additional work required in order to facilitate, obtain approval and close the future sale transactions.
94. The Receiver has also spent considerable time maintaining dialogue and mending the relationship with the Partners, which appears to have been strained prior to the Receivership, in order to maintain the going concern value of the IFC Contract portfolio.
95. In addition, the Receiver has expended considerable time reconciling the Intelife Contract listing, containing approximately 2100 contracts, with the physical copies of contracts available within the records. Given the nature of the assets for sale being financial contracts, the Receiver is of the opinion that this exercise is necessary in order to maximize the value of the assets being sold as it would alleviate uncertainty of potential purchasers of the existence and validity of the assets and hedge the application of a higher risk premium being assigned by potential purchasers upon putting forward an offer to purchase.
96. In addition to the sale and closings to take place, there will be additional work required to review the various security interests and make a determination as to the ownership of assets within the Group of Companies and priority scheme for distribution.
97. Based on the above, the Receiver's is seeking to have its administrative charge increased from \$100,000 to \$200,000.

### **Conclusion**

98. The Receiver respectfully submits this Second Report to the Court in support of an order approving:
1. the activities of the Receiver as set out in the Second Report;
  2. advice and direction as to the requested transfer to Bojan of the Bojan Customer Contracts;
  3. the Receiver's SISF as set out in the Second Report; and,

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4. an increase in the Receiver's administrative charge as set out in the February 1 Order from \$100,000 to \$200,000.

All of which is respectfully submitted this 15<sup>th</sup> day of March 2021.

**MNP Ltd.**

In its capacity as Receiver-Manager of

**Intelife LP, Intelife GP Ltd., Intelife Security & Automation Ltd. and Intelife Finance Corporation**

And not in its personal capacity



Karen Aylward, CIRP, Licensed Insolvency Trustee  
Vice President

# SCHEDULE "A"

**Intelife LP and Intelife GP Ltd.**  
**Interim Statement of Receipts and Disbursements**  
**For the period January 19, 2021 to March 10, 2021**

	<u>January 19, 2021 to March 10, 2021</u>
<b>RECEIPTS:</b>	
Recurring Monthly Revenue <sup>(2)</sup>	100,706.72
Borrowing under Receiver's Certificates	90,000.00
Insurance refund	1,264.09
<b>TOTAL RECEIPTS:</b>	<u><u>191,970.81</u></u>
<b>DISBURSEMENTS:</b>	
Filing Fees Paid to Official Receiver	71.54
GST Paid on Disbursements Exclusive of Fees	83.56
Insurance	1,985.61
Operating Expenses <sup>(2)</sup>	87,887.04
Payroll	31,310.28
<b>TOTAL DISBURSEMENTS:</b>	<u><u>121,338.03</u></u>
<b>Excess of Receipts over Disbursements</b>	<u><u>\$ 70,632.78</u></u>

**Notes:**

(1) The RMR for the beginning of March from Pulse and Capitol has not yet been accounted for.

(1) Operating expenses represent payments in relation to API Alarm Inc. and Alarm.com. Both companies are monitoring and interactive stations for existing customer accounts.

# SCHEDULE "B"

**Intelife LP, Intelife GP Ltd., Intelife Security and Automation Ltd., Intelife Finance Corporation**

**FEE SUMMARY**

Carolina Bautista	0.50	131.80
Eric Sirrs	3.20	2,016.00
Karen Aylward	98.80	45,448.00
Kristen Rauh	0.20	41.20
Graham Quast	1.30	585.00
Rebecca Namiiro	0.30	54.30
Reina Ainsworth	25.80	4,669.80
Maha Shah	118.60	24,431.60
Olivia Stinson	3.00	432.00
Shannon Massa	0.20	36.20
Megan Schafer	0.10	10.50
Drew Hanson	3.90	561.60
Laura Lee Anderson	0.40	48.80
	<b>256.30</b>	<b>78,466.80</b>

<b>Total Hours</b>	<b>256.30</b>	
<b>TOTAL FEES</b>		<b>78,466.80</b>

**DISBURSEMENT SUMMARY**

Travel		8.23
		<u>8.23</u>
<b>TOTAL DISBURSEMENTS</b>		<b>8.23</b>
<b>TOTAL FEES AND DISBURSEMENTS</b>		<b>78,475.03</b>
Less Interim Billings		-
<b>NET FEES AND DISBURSEMENTS</b>		<b>78,475.03</b>