



No. VCL-S-204082  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE TORONTO-DOMINION BANK

PETITIONER

AND:

RONSONS SHOE STORES LTD.

RESPONDENT

**SECOND AND FINAL REPORT OF RECEIVER WITH RESPECT TO THE  
RECEIVERSHIP OF RONSONS SHOE STORES LTD.**

**DATED FOR REFERENCE SEPTEMBER 1, 2021  
("RECEIVER'S FINAL REPORT")**

## BACKGROUND AND PURPOSE

1. Pursuant to an Order pronounced by the Honorable Madam Justice Fitzpatrick of the Supreme Court of British Columbia (the “**Court**”) on April 20, 2020 (the “**Receivership Order**”), MNP Ltd. was appointed as Receiver and Manager (the “**Receiver**”) of all of the assets, undertakings and property (collectively, the “**Property**”) of Ronsons Shoe Stores Ltd. (“**Ronsons**”, or the “**Company**”).
2. Ronsons operated as a retailer of shoes and related accessories from eighteen stores located in the Lower Mainland of British Columbia, as well as Kelowna, BC, and Victoria, BC. Ronsons leased all of its retail store locations as well as an office and a warehouse which are located in Richmond, BC.
3. A search of the British Columbia Corporate Registry dated March 16, 2020 indicates that Anthony Aronson (“**Mr. Aronson**”) is the sole director of Ronsons.
4. Ronsons owned various personal property consisting of inventory for resale, warehouse equipment, pallet racking, warehouse shelving, office furniture and equipment, vehicles, and trademarks.
5. In preparing this 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 Company, the Company’s 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.
6. The Receiver prepared a prior report to the Court dated June 25, 2020 (the “**Receiver’s First Report**”). The Receiver’s Final Report should be read in conjunction with the First Report.
7. The purpose of the Receiver’s Final Report is to provide this Honourable Court with an update as to the Receiver’s activities since the First Report with regards to the following matters:
  - a) Outline of Receiver’s administration from the date of the First Report to date;
  - b) Completion of the sales process undertaken by the Receiver;
  - c) Other asset realizations;
  - d) Outline of Priority Claims;
  - e) Receiver’s Statement of Receipts and Disbursements;

- f) Fees and Disbursements of the Receiver;
- g) Fees and Disbursements of the Receiver's Counsel;
- h) Distribution of Proceeds;
- i) Status of the Company's records; and
- j) Receiver's Discharge.

#### **OUTLINE OF RECEIVER'S ADMINISTRATION AFTER THE RECEIVER'S FIRST REPORT TO DATE**

- 8. The Receiver maintained and updated the Service List and the Receiver's website for the receivership proceedings. Copies of relevant documents relating to these proceedings are available on the Receiver's website at: [Ronsons Shoe Stores Ltd | MNP LTD \(mnpdebt.ca\)](http://Ronsons Shoe Stores Ltd | MNP LTD (mnpdebt.ca))
- 9. The Receiver completed the sale of the inventory and other Company assets.
- 10. The Receiver collected further outstanding funds and accounts receivable.
- 11. The Receiver received and responded to various creditor inquiries throughout the receivership proceedings.
- 12. The Receiver prepared and filed various tax returns and other statutory returns on behalf of the Company. The Receiver also corresponded and exchanged information with the Canada Revenue Agency ("CRA") and other regulatory agencies in relation to amounts owed by Ronsons.
- 13. The Receiver discharged various statutory duties including attending to filing requirements pursuant to the *Wage Earner Protection Program Act* ("WEPPA").
- 14. The Receiver prepared and filed a statutory report as required by subsection 246(2) of the *Bankruptcy and Insolvency Act*.

#### **Employees**

- 15. As previously reported, the Receiver did not carry on the operations of Ronsons following the pronouncement of the Receivership Order. The Receiver advised 146 employees of their termination of employment and arranged for Records of Employment and T4 slips to be issued.
- 16. The Receiver processed the claims and filed documents with Service Canada in accordance with WEPPA pertaining to wage arrears owing to 141 employees of Ronsons.

17. In response to the COVID-19 pandemic, the *Time Limits and Other Periods Act (COVID-19)* was enacted on July 27, 2020 that expanded the eligibility period under WEPPA for amounts owing to employees. The Receiver reviewed eligibility of the former Ronsons employees under the expanded eligibility period and amended WEPPA claims for 65 Ronsons' employees.

### **Sale of Personal Property**

18. We previously reported on the sale of certain personal property of the Company including warehouse equipment, pallet racking, warehouse shelving, office furniture and equipment, and two of the three vehicles owned by Ronsons.
19. At the date of the Receivership Order, the Company owned three vehicles. The Receiver negotiated a sale of two of the vehicles to the Ronsons employees who drove them. The third vehicle (a 2011 Mercedes) was appraised at \$10,500.00 (forced liquidation value) and subsequently sold at auction by the Receiver for gross proceeds of \$12,000.00 (net proceeds of \$9,143.40 after auctioneer commission and costs).
20. The Ronsons inventory consisted of approximately 108,000 pairs of shoes and approximately 3,000 accessories (the "**Inventory**"). Further, the Company owned certain intangible assets including the Company's website domain name, website address, and the *Ronsons* brand (collectively, the "**Intangible Assets**" and together with the Inventory, the "**Assets**").
21. Pursuant to an Order pronounced on July 2, 2020 (the "**Sale Approval and Vesting Order**"), the Court authorized the Receiver to complete the sale of the Assets recommended in the First Report, including taking additional steps and execute such additional documents as may be necessary to complete the sale of the Inventory and Intangible Assets.
22. The Receiver, and its legal counsel, completed the required documentation with regards to the transfer of the domain name, social media accounts, and other Intangible Assets.
23. The Receiver completed the sale of the Assets and filed the Receiver's Certificate to this effect on July 27, 2020, upon the receipt of the full sale proceeds of \$1,125,000.00 from the purchaser.

### **Other Realizations**

24. The Ronsons accounts receivable ledger at the date of receivership reflected an outstanding balance of approximately \$41,700.00 owing from one party. The Receiver sent a demand letter requesting payment of this amount. The quantum of the receivable was disputed, and the Receiver ultimately negotiated a settlement amount of \$20,000.00. The Receiver is of the view that this was the best outcome as it resulted in a recovery for the receivership and avoided litigation costs.

25. The Receiver identified a potential preference payment to a related party in the amount of \$34,307.70 that was paid by Ronsons in February 2020. The Receiver sent a letter identifying that matter as a preference payment and requesting repayment in full. There was a dispute about whether the payment constituted an actual preference. The Receiver reviewed this issue with legal counsel and considered the litigation risk and associated costs of pursuing a preference action. The Receiver negotiated a settlement of \$20,000.00 and is of the view that this represents the best realization for the receivership given the amount at issue and the potential costs to litigate.

## OUTLINE OF PRIORITY CLAIMS

### Statutory Priority Claims

26. The claims of CRA pertaining to unremitted payroll source deductions (the “**Deemed Trust Claim**”) were determined by a CRA trust examination of the Company’s records. CRA subsequently provided the Receiver with a Payroll Examination Statement of Account and claim form confirming a Deemed Trust Claim in the amount of \$49,131.60. The Deemed Trust Claim has priority ahead of the claims of all other creditors, including secured creditors.
27. As reported above, the Receiver filed documents in accordance with WEPPA with Service Canada pertaining to wage arrears owing to employees of Ronsons. A Statement of Account from Service Canada dated July 23, 2021 reports a priority claim in the amount of \$73,794.02. The Receiver is in the process of reviewing this amount as the Receiver’s records indicate that the priority claim should be a slightly lesser amount of \$72,747.91. Once the priority amount is confirmed, it is payable to Service Canada under Section 81.4 of the *Bankruptcy and Insolvency Act*, in priority ahead of all registered security interests in relation to the Company’s current assets.
28. An Application for Bankruptcy Order was filed by the Toronto-Dominion Bank (“**TD Bank**”) seeking that the Company be adjudged bankrupt. MNP Ltd. consented to act as Licensed Insolvency Trustee should the Bankruptcy Order be granted. A Bankruptcy Order was granted against Ronsons on September 4, 2020, and MNP Ltd. was appointed as Licensed Insolvency Trustee of the bankrupt estate. As a result of the bankruptcy, various other statutory debts owed by Ronsons became unsecured claims.

### TD Claim and Security

29. The Receiver obtained a legal opinion from its independent legal counsel with respect to the security granted by Ronsons to TD Bank, which indicated that, based on a review of the security provided to TD Bank (the “**Security**”) and searches conducted, that the Security constitutes a legal, valid and binding obligation on Ronsons, and that TD Bank holds a valid and perfected security interest in all of Ronsons’ present and after acquired personal property.

30. Based on searches conducted of the British Columbia Personal Property Registry, TD Bank's security interest is the only security interest registered, and the Receiver is unaware of any other creditors having a security interest in the assets.
31. The outstanding balance of the indebtedness owing to TD Bank as at March 30, 2020 was \$988,773.28, and interest and expenses, including legal costs continue to accrue.
32. An interim distribution of \$500,000.00 was paid to TD Bank pursuant to that approval granted under the Sale Approval and Vesting Order.
33. TD Bank has provided the Receiver with an updated statement including ongoing interest and legal costs confirming the outstanding balance to be \$525,167.33 as of July 12, 2021.

#### RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

34. Attached as **Appendix "A"** to this report is the Receiver's Statement of Receipts and Disbursements for the period ending August 25, 2021. The Receiver holds a balance of \$256,573.60 in the Receivership trust account.
35. As fully described in the First Report, there were material inventory counting, moving, and storage costs incurred relating to moving the inventory from the various Ronsons retail and warehouse locations in an effort to minimize rental costs, and maximize net realizations, under the receivership.

#### FEES AND DISBURSEMENTS OF THE RECEIVER

36. Attached hereto as **Appendix "B"** is a summary of the Receiver's invoices for professional fees from the commencement of these proceedings to June 30, 2021 (the "**Receivership Period**"). The Receiver invoiced fees amounting to \$251,385.95, plus applicable taxes, for a total of \$263,955.27 (the "**Receiver's Fees**"). The Receiver's Fees were charged at the Receiver's standard hourly rates from time to time.
37. Attached hereto as **Appendix "C"** is a summary of the time expended by the officers and employees of the Receiver in respect of the Receiver's Fees during the Receivership Period (the "**Time Summary**"). As detailed in the Time Summary, the Receiver invoiced 698.25 hours in relation to services provided in respect of the Receiver's Fees.
38. Copies of the invoices issued by the Receiver in respect of the Receiver's Fees (collectively, "**Receiver's Invoices**") are attached as Exhibit "A" to the 1<sup>st</sup> Affidavit of Julie Kennedy in these proceedings made on September 1, 2021.
39. The work completed by the Receiver was delegated to the appropriate professionals in the Receiver's organization based on experience, seniority, and hourly rates. To the best of the Receiver's knowledge, the Receiver's Fees are commensurate with fees charged

by similar firms in British Columbia with the capacity to handle a file of size and complexity comparable to this matter.

40. The Receiver has drawn sufficient funds to pay the Receiver's Invoices.
41. The summary of Receiver's Invoices (Appendix B) includes the Receiver's estimate of charges from July 1, 2021 to the conclusion of the receivership, which charges the Receiver estimates at \$18,000.00 including fees and disbursements, plus applicable taxes, for a total of \$18,900.00.

#### **FEES AND DISBURSEMENTS OF THE RECEIVER'S COUNSEL**

42. Copies of the invoices issued by Lawson Lundell LLP to the Receiver in respect of such fees (collectively, the "**Lawson Lundell Invoices**") are attached as Exhibits "A" to Affidavit #1 of Will Roberts made on August 26, 2021.
43. Attached hereto as **Appendix "D"** is a summary of the Lawson Lundell Invoices for professional fees from the commencement of these proceedings to July 6, 2021. Lawson Lundell invoiced fees in the amount of \$54,831.00 and incurred and invoiced for disbursements in the amount of \$2,175.69, for a total of \$57,006.69 including applicable taxes (collectively the "**Lawson Lundell Fees**"). The Lawson Lundell Invoices include summaries of time spent by each timekeeper and detailed docket entries, covering the Receivership Period.
44. Attached hereto as **Appendix "E"** is a summary of the time expended by the partners and employees of Lawson Lundell acting as counsel to the Receiver in relation to the Lawson Lundell Fees. The hours relating to the services provided by Lawson Lundell in relation to the matters dealt with in such accounts totalled 130.60 hours.
45. The Receiver confirms that all services listed in Lawson Lundell Invoices were rendered at the request of the Receiver, performed satisfactorily, and that, in the Receiver's view, the fees and disbursements charged were fair, reasonable and consistent with the market for such legal services in British Columbia.
46. The fees and disbursements of Lawson Lundell for all professional fees related to the Receivership have been reviewed and approved by the Receiver. Lawson Lundell has received payment from the Receiver for the full amount of Lawson Lundell Invoices.
47. Lawson Lundell estimates that its fees and disbursements to the completion of this matter, inclusive of WIP, will total approximately \$10,000.00 (including applicable taxes).

## **DISTRIBUTION OF PROCEEDS**

48. Based upon the claims known to the Receiver to date, the Receiver seeks approval of the following payments from funds held by the Receiver after payment of the outstanding fees of the Receiver and its legal counsel:
- a) Firstly, to CRA for the Deemed Trust Claim in the amount of \$49,131.60;
  - b) Secondly, to Service Canada for its claim pursuant to section 81.4 of the *Bankruptcy and Insolvency Act* in the amount of \$73,794.02 or such other amount that is confirmed with Service Canada; and
  - c) The remainder to TD Bank for the indebtedness owing and secured by the Security.

## **STATUS OF THE COMPANY'S BOOKS AND RECORDS**

49. The Receiver has possession of the Company's books and records.
50. The Receiver is seeking approval to destroy the books and records of the Company in its possession. The Receiver proposes to provide the former director of Ronsons with 30 days' notice of its intent to destroy the records unless the records are retrieved by the former director within that time period.

## **RECEIVER'S DISCHARGE**

51. All matters pertaining to the administration of the Receivership estate have been substantially finalized, with the exception of the following administrative matters:
- a) Preparing the final GST return and closing the Receiver's GST account;
  - b) Receiving GST refunds due to the Receiver;
  - c) Making final distribution of remaining funds, preparing the final bank reconciliations, and closing the Receiver's bank account;
  - d) Preparing and issuing the Receiver's final report pursuant to subsection 246(3) of the *Bankruptcy and Insolvency Act*; and
  - e) Any other matters incidental to the wind up of the administration of the receivership.
52. Upon the resolution of the above noted administrative matters, which are not material and in the Receiver's view should not prevent the Court from granting an unconditional discharge, the Receiver is seeking its discharge.

## COURT ORDER SOUGHT

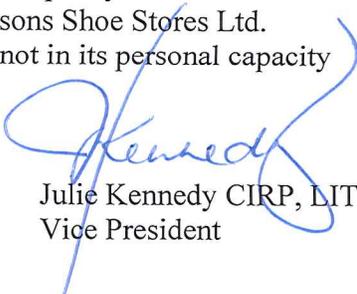
53. Based on the foregoing, the Receiver seeks a Court Order:
- a) Approving of the Receiver's activities in the administration of this receivership as set out in the Receiver's Final Report.
  - b) Approving of the Receiver's Fees and Disbursements as set out in Appendices "B" and "C", including the estimate to conclude the receivership as set out in those appendices;
  - c) Approving of the Receiver's Counsel's Fees and Disbursements as set out in Appendices "D" and "E", including the estimate to conclude the receivership as set out in those appendices;
  - d) Approving of the Receiver's Statement of Receipts and Disbursements dated August 25, 2021;
  - e) Directing the payment of all funds remaining in the Receiver's trust account after payment of the outstanding fees of the Receiver and its legal counsel to:
    - i. Firstly, to CRA in the amount of \$49,131.60;
    - ii. Secondly, to Service Canada in the amount of \$73,794.02 or such other amount that is confirmed with Service Canada; and
    - iii. The remainder to TD Bank.
  - f) Approving of the destruction of the Company's books and records;
  - g) Discharging the Receiver.

DATED AT Vancouver, British Columbia, this 1<sup>st</sup> day of September, 2021.

**MNP Ltd.**

In its capacity as Receiver and Manager of  
Ronsons Shoe Stores Ltd.  
and not in its personal capacity

Per:

  
Julie Kennedy CIRP, LIT  
Vice President

## APPENDIX "A"

**Ronsons Shoe Stores Ltd - In Receivership**  
**Interim Statement of Receipts and Disbursements**  
**For the Period April 20, 2020 to August 25, 2021**

**Receipts**

Sale of Assets	\$ 1,145,600.00
Cash in Bank	36,029.47
Accounts Receivable	40,000.00
Refunds	4,729.35
Cash on Hand	344.87
<b>Total Receipts</b>	<u>1,226,703.69</u>

**Disbursements**

Contract Labour	18,815.50
Insurance	4,960.00
Advertising costs	476.74
Change of Locks	6,424.18
Payroll Services	626.32
Taking Possession Costs	71,688.64
Security Costs	749.28
Filing Fees Paid to Official Receiver	70.00
Ascend License Fee	294.25
Appraisal Fees	2,500.00
Commission	1,880.00
Courier	12.09
Storage	22,500.00
Interest paid	1,417.82
GST Paid	70.31
Advance to Trustee in Bankruptcy	23,877.55
Receiver's Professional Fees	251,385.95
Receiver's Legal Fees	62,381.46
Payment to Secured Creditor	500,000.00
<b>Total Disbursements</b>	<u>970,130.09</u>
<b>Balance on Hand</b>	<u>\$ 256,573.60</u>

## APPENDIX "B"

### Summary of Fees and Disbursements - Receiver

Period Covered	Fees (\$)	Disbursements (\$)	Taxes (\$)	Total (\$)
April 1, 2020 to April 30, 2020	107,657.60	-	5,382.88	113,040.48
May 1, 2020 to May 31, 2020	51,024.00	-	2,551.20	53,575.20
June 1, 2020 to June 30, 2020	43,795.30	-	2,189.77	45,985.07
July 1, 2020 to August 30, 2020	19,115.90	-	955.80	20,071.70
September 1, 2020 to September 30, 2020	5,260.00	-	263.00	5,523.00
October 1, 2020 to December 31, 2020	7,818.70	-	390.94	8,209.64
January 1, 2021 to March 31, 2021	4,154.70	-	207.74	4,362.44
April 1, 2021 to May 15, 2021	5,249.60	-	262.48	5,512.08
May 16, 2021 to June 30, 2021	7,310.15	-	365.51	7,675.66
<b>TOTAL</b>	<b>\$ 251,385.95</b>	<b>\$ -</b>	<b>\$ 12,569.32</b>	<b>\$ 263,955.27</b>
July 1, 2021 to present including estimate for Receiver's time to complete duties	\$ 17,980.00	\$ 20.00	\$ 900.00	\$ 18,900.00
<b>GRAND TOTAL</b>	<b>\$ 269,365.95</b>	<b>\$ 20.00</b>	<b>\$ 13,469.32</b>	<b>\$ 282,855.27</b>

## APPENDIX "C"

### Summary of Time (in relation to Receiver's accounts referenced in Appendix "B")

#### CONSOLIDATED TIME BY PROFESSIONAL

Professional	Position	Average Rate / Hour (\$)	No. of Hours	Time Value (\$)
Patty Wood	Partner	543	43.50	23,599.50
Julie Kennedy	Trustee	399	256.20	102,251.00
Greg Ibbott	Trustee	401	135.50	54,353.50
Elizabeth Chen	Accountant	288	25.90	7,463.30
Heather Ursaki	Admin. Assistant	139	43.10	5,984.10
Various	Support Staff	298	194.05	57,734.55
<b>Total</b>			<b>698.25</b>	<b>\$ 251,385.95</b>

## APPENDIX "D"

### Summary of Fees and Disbursements - Legal

<b>Period Covered</b>	<b>Fees (\$)</b>	<b>Disbursements (\$)</b>	<b>Taxes (\$)</b>	<b>Total (\$)</b>
April 3, 2020 to May 10, 2020	18,751.00	1,611.17	2,325.60	22,687.77
May 11, 2020 to June 2, 2020	7,734.00	102.40	933.20	8,769.60
June 3, 2020 to July 7, 2020	21,649.00	333.42	2,610.55	24,592.97
July 8, 2020 to August 10, 2020	4,282.00	127.50	518.22	4,927.72
August 11, 2020 to March 2, 2021	462.00	-	55.44	517.44
March 3, 2021 to June 3, 2021	1,584.00	-	190.08	1,774.08
June 4, 2021 to July 6, 2021	369.00	1.20	44.34	414.54
<b>TOTAL</b>	<b>\$ 54,831.00</b>	<b>\$ 2,175.69</b>	<b>\$ 6,677.43</b>	<b>\$ 63,684.12</b>
Estimate for Legal time to complete duties	10,000.00	-	1,200.00	11,200.00
<b>GRAND TOTAL</b>	<b>\$ 64,831.00</b>	<b>\$ 2,175.69</b>	<b>\$ 7,877.43</b>	<b>\$ 74,884.12</b>

## APPENDIX "E"

### Summary of Time (in relation to Lawyer's accounts referenced in Appendix "D")

#### CONSOLIDATED TIME BY PROFESSIONAL

Professional	Position	Average Rate / Hour (\$)	No. of Hours	Time Value (\$)
William Roberts	Partner	595	53.00	31,515.00
Michael B. Morgan	Partner	525	1.10	577.50
Bryan Gibbons	Partner	500	13.90	6,950.00
Kimberley Robertson	Partner	500	0.20	100.00
Katy Allen	Associate	375	0.90	337.50
Blair McRadu	Associate	330	24.40	8,052.00
Cecilia Conto	Paralegal	170	27.90	4,746.00
Ryan Berger	Partner	525	0.60	315.00
Noor Mann	Associate	270	7.90	2,133.00
Amanda Jamieson	Paralegal	150	0.70	105.00
<b>Total</b>			<b>130.60</b>	<b>\$ 54,831.00</b>