



**District of British Columbia  
Court No. S 1913131  
Vancouver Registry**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**IN THE MATTER OF THE RECEIVERSHIP OF SATHER RANCH LTD.**

**RECEIVER'S THIRD REPORT – INTERIM SUMMARY OF THE RECEIVER'S  
ACTIVITIES FOR JANUARY 1, 2021 TO DECEMBER 31, 2022**

**APRIL 25, 2023**

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# INTRODUCTION AND PURPOSE OF THE REPORT

## Introduction

1. C. Cheveldave & Associates Ltd. was appointed receiver (“**Receiver**”) over all of Sather Ranch Ltd.’s (“**SRL**” or the “**Company**”) assets, undertakings and properties of every nature and kind pursuant to a Court Order dated November 21, 2019.
2. For further information on these receivership proceedings please refer to the Receiver’s website [www.cheveldave.ca/engagements](http://www.cheveldave.ca/engagements) .
3. In preparing this report, the Receiver has been provided with, and has relied upon, unaudited and other financial information, books and records (together, the “**Information**”) prepared by the Company and/or their representatives, and discussions with the Company’s management and/or representatives. The Receiver has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided and in consideration of the nature of evidence provided to this Honourable Court. However, the Receiver has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards (“**CAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.
4. All references to monetary amounts in this report are in Canadian dollars unless otherwise specified.
5. On July 13, 2021 the Receiver applied for and this Honourable Court granted an Order (“**2020 Taxation Order**”) approving the Receiver’s activities, Receiver’s fees and disbursements and the Receiver’s legal counsel’s fees and disbursements for the period of November 21, 2019 to December 31, 2020. A copy of the 2020 Taxation Order is attached as **Appendix 1**.

## **Background**

6. SRL was an operating cattle ranch located on the outskirts of Penticton, BC and is owned equally by two shareholders – 0882126 BC Ltd. and AMX Real Estate Inc. The Directors of SRL are Mr. Michael Street and Mr. Joseph Sather.
7. SRL was incorporated in Alberta on March 21, 2013 and extra-provincially registered in BC on March 27, 2013.
8. The ranch lands consisted of one parcel of land owned by SRL comprising approximately 80 acres and access to additional grazing land by way of a grazing license.
9. At the time of the Receiver's appointment, the majority of the cattle inventory had been sold.
10. The Receiver realized on SRL's remaining cattle inventory, vehicles, equipment, and land as set out in the Receiver's First Report to this Honourable Court.
11. The Receiver's realization efforts resulted in surplus funds being available for distribution to SRL's unsecured creditors subject to a claims process that was set out in an Order granted by this Honourable Court on January 14, 2021.
12. Paragraph 18 of the Claim Process Order directed the Receiver to prepare a report to the Court summarizing the claims received. That report is the Second Report to this Honourable Court.

## **Purpose of the Receiver's Third Report**

13. This is the Receiver's third report (the "**Third Report**"). It is important to note that this report is a summary. As a summary, the objective of the report is to highlight the significant activities undertaken by the Receiver during its administration between the period of January 1, 2021 to December 31, 2022. The Third Report provides this Honourable Court with the following:

- a. Information on the actions of the Receiver for the period of January 1, 2021 to December 31, 2022.
- b. The Receiver's Interim Statement of Receipts and Disbursements for the period of January 1, 2021 to December 31, 2022.
- c. Information on the Receiver's fees and disbursements for the period of January 1, 2021 to December 31, 2022.
- d. Information on the asset realization process, and,
- e. The Receiver's recommendations.

## RECEIVER'S ACTIVITIES FOR JANUARY 1, 2021 TO DECEMBER 31, 2022

14. The Receiver's actions during 2021 and 2022 were primarily focused on two areas:
  - a. Litigation.
  - b. Routine administration matters in support of the Receivership.

### **Litigation**

15. As set out in the Receiver's First Report, litigation matters involving SRL include:
  - a. The Claims Process.
  - b. The Oppression Action.
  - c. The Grazing Lands Action.

#### *The Claims Process*

16. The Receiver's activities concerning the Claims Process are set out in the Receiver's Second Report to this Honourable Court dated May 11, 2021.
17. The Claims Process and Claims Process Order resulted in the receipt of both arms-length unsecured creditor claims as well as related party creditor claims.
18. The arms-length unsecured creditor claims were formally disallowed by the Receiver in accordance with the Claims Process. Those disallowances were not appealed and the disallowances are now final.
19. The related party creditor claims are in the process of being litigated in accordance with paragraph 19 of the Claims Process Order. A trial of the related party claims is scheduled to proceed for 14 days starting July 31, 2023. The matter will proceed as a summary trial of each related party claim, with cross examinations to be conducted before the judge. The related party claims are to heard concurrently by the same judge. With the agreement of the affected stakeholders and with the objective to avoid unnecessary professional fees, the Receiver does not plan to attend the trial.

### *The Oppression Action*

20. As discussed in the Receiver's Second Report, an application was brought in Alberta Court of Queen's Bench Action No. 1901-01772 in which AMX Real Estate Inc. and Joseph Sather were the plaintiffs and in respect of which various Related Parties, as defined in the Claims Process Order, are defendants. The Oppression Action is referred to in paragraph 22 of the Claims Process Order. As part of the relief sought and obtained from the Court on March 18, 2021, the Receiver also obtained an order making SRL a plaintiff in the Oppression Action and obtained orders requiring AMX Real Estate Inc. and Joseph Sather to deliver particulars of their individual and independent causes of action against the defendants (i.e., particulars of those claims that are not derivative in nature and belonging SRL which will be advanced or abandoned by the Receiver as appropriate). Those particulars are due no later than 30 days after the determination of the Related Party Claims in the Claims Process.
21. In light of the potential overlap in the factual foundation to certain Related Party claims and the claims belonging to Sather Ranch Ltd. in the Oppression Action, the Receiver intends to defer its decision as to what claims to advance (if any) until after the determination of the Related Party claims in the Claims Process.

### *The Grazing Lands Action*

22. During 2021 and 2022, work continued on the Grazing Lands Action to advance matters to a judicial determination.
23. The parties to the Grazing Lands Action agreed to proceed to have the matter heard at a summary trial with selected affiants being cross-examined on their respective Affidavits before the summary trial judge.
24. The summary trial was initially scheduled to take place in June 2022. However, due to there not being a judge available to hear the matter during the originally scheduled dates in June, the matter was rescheduled to be heard in September of 2022.



25. During 2021-2022, the following tasks were undertaken by the Receiver in relation to the Grazing Lands Action:
- a. Instructing legal counsel in regard to the litigation generally and the summary trial specifically.
  - b. Preparing an affidavit and compiling exhibit materials.
  - c. Reviewing reply affidavits and related materials of the Defendants.
  - d. Preparing a response affidavit and compiling related exhibit materials.
  - e. Attending discussions with the Receiver's legal counsel in preparation for the summary trial.
  - f. Reviewing the Receiver's files and materials in preparation for the summary trial.
  - g. Attending at the summary trial.
26. The initial time scheduled for the summary trial in September of 2022 was not sufficient to have all matters heard and as a result, additional time was scheduled in November 2022 to complete submissions.
27. Judgment is reserved. The Receiver continues to await the reasons for judgment.

#### **Routine Receivership Administration Matters**

28. The various routine administration matters that the Receiver has dealt with and continues to deal with in administering the receivership include:
- a. Maintaining the Receiver's statutory responsibilities under the *Bankruptcy and Insolvency Act* concerning periodic reporting.
  - b. Preparing monthly statements of Receipts and Disbursements.
  - c. Issuing the monthly statements of Receipts and Disbursements to the SRL shareholders for their review.
  - d. Arranging for the filing of all required statutory returns (GST and T2 filings).
  - e. Dealing with SRL's accountants regarding obtaining information from CRA concerning capital dividend account balances.
  - f. Attending to information requests from CRA concerning GST filings in order to have GST refunds released to the Receiver.

- g. Conducting short term cash flow analysis and adjusting investments of surplus funds in Guaranteed Investment Certificates.
- h. Liaising with Mr. Moroso concerning matters related to his discharge and taxation of his accounts.
- i. Attending to the payment of disbursements.
- j. Managing a large volume of correspondence and requisite digital files.
- k. Drafting of the Receiver's First and Second and Third Reports, including liaising with the Receiver's legal counsel, and,
- l. Responding to questions from the shareholders, their legal counsel and creditors.

## RECEIPTS AND DISBURSEMENTS

29. The Receipts generated during the period of January 1, 2021 to December 31, 2022 in the receivership estate were primarily from GST refunds.
30. The Receiver's operating costs for the period of January 1, 2021 to December 31, 2022 were funded from cash on hand.
31. The detailed Receiver's Interim Statement of Receipts and Disbursements to December 31, 2022 is attached as "**Appendix 2**". A summary of the Receiver's receipts and disbursements for the period of January 1, 2021 to December 31, 2022 is as follows:

Item	Amount
Total Receipts	\$24,561
Total Disbursements	(\$320,470)
<b>Deficiency of Receipts Over Disbursements</b>	<b>(\$295,909)</b>
<b>Opening Cash Balance (January 1, 2021)</b>	<b><u>\$854,960</u></b>
<b>Closing Cash Balance (December 31, 2022)</b>	<b><u>\$559,051</u></b>

32. The largest disbursements have been for professional fees paid by the Receiver for its fees (the "**Receiver's Fees**") and fees for the Receiver's legal counsel. The Receiver has paid \$117,884 for its fees and \$165,608 fees for its legal counsel. These amounts are exclusive of GST.
33. The Receiver will be seeking approval of the Receiver's Fees. As the litigation of the Grazing Lands Action is ongoing, the Receiver does not yet seek approval of the fees of its legal counsel as doing so could give rise to a waiver over the solicitor file, which would be inappropriate until that litigation has concluded on its merits.

The Receiver will seek approval of those legal fees once the litigation has concluded and it is appropriate to do so. Copies of the Receiver's invoices, including detailed time entries, will be included in the materials filed by the Receiver.

34. The Receiver is of the view that the Receiver's Fees are fair and reasonable.

## RECOMMENDATIONS

34. The Receiver submits its Third Report and respectfully requests this Honourable Court to:

- a. Approve the Third Report and the activities of the Receiver described herein.
- b. Approve the Receiver's Interim Statement of Receipts and Disbursements for the period of January 1, 2021 to December 31, 2022, and,
- c. Approve the Receiver's Fees for the Receiver to December 31, 2022.

All of which is respectfully submitted this 25th day of April 2023.

**C. Cheveldave & Associates Ltd.**  
**Court Appointed Receiver and Manager of**  
**Sather Ranch Ltd., and not in its personal capacity**



**Per: Cecil Cheveldave**  
**President**





**IN THE SUPREME COURT OF BRITISH COLUMBIA**

TWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUELINE ANGELLA BRULE

PLAINTIFFS

AND:

SATHER RANCH LTD. by its  
Court Appointed Receiver and Manager,  
C. CHEVELDAVE & ASSOCIATES LTD.

DEFENDANT

**ORDER MADE AFTER APPLICATION**

BEFORE THE HONOURABLE )

TUESDAY, THE 13TH

JUSTICE WALKER )

DAY OF JULY, 2021

The Notice of Application dated May 28, 2021 (the “**Application**”) of C. Cheveldave & Associates Ltd., in its capacity as Court-appointed Receiver and Manager (the “**Receiver**”) of the assets, undertakings and properties of Sather Ranch Ltd., and coming on for hearing on June 18, 2021 by MS Teams, and on July 13, 2021 by teleconference both at Vancouver, British Columbia; and on hearing Scott R. Andersen, counsel for the Receiver, Steve Dvorak, counsel for the Plaintiffs, Daniel Johnson, counsel for Joe Sather and upon reading the materials filed including the Affidavit #2 of Cecil Cheveldave and the First Report of the Receiver dated February 12, 2021 (the “**Report**”) , the Affidavit #1 of Scott Andersen and the Affidavit #5 of Cindy Curran (collectively, the “**Fee Affidavit**”);

THIS COURT ORDERS that:

1. The activities of the Receiver, as set out in the Report, are hereby approved.
2. The fees and disbursements of the Receiver and its legal counsel Lawson Lundell LLP, as set out in the Report and the Fee Affidavit, are hereby approved.

3. This Order may be signed in counterpart.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



\_\_\_\_\_  
Scott R. Andersen  
Counsel for the Court Appointed Receiver

\_\_\_\_\_  
Steven Dvorak  
Counsel for the Plaintiffs

\_\_\_\_\_  
Daniel B.R. Johnson  
Counsel for AMX Real Estate Inc. and  
Joseph Sather

BY THE COURT

\_\_\_\_\_  
REGISTRAR



3. This Order may be signed in counterpart.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

---

Scott R. Andersen  
Counsel for the Court Appointed Receiver



---

Steven Dvorak  
Counsel for the Plaintiffs

---

Daniel B.R. Johnson  
Counsel for AMX Real Estate Inc. and  
Joseph Sather

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THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

---

Scott R. Andersen  
Counsel for the Court Appointed Receiver

---

Steven Dvorak  
Counsel for the Plaintiffs

---

Daniel B.R. Johnson  
Counsel for AMX Real Estate Inc. and  
Joseph Sather

NO. S1913131  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

MICHAEL NEIL STREET and  
MARIELLE JACQUELINE ANGELLA BRULE  
PLAINTIFFS

AND:

SATHER RANCH LTD. by its  
Court Appointed Receiver and Manager,  
G. Moroso & Associates Inc.  
  
DEFENDANT

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**ORDER MADE AFTER APPLICATION**

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Barristers & Solicitors  
Suite 403 - 460 Doyle Avenue  
Kelowna, B.C. V1Y 0C2  
Phone: (250) 979-8546  
Attention: Scott R. Andersen

File No. 36622-148976

**Appendix 2**

**Interim Statement of Receipts and Disbursements to  
December 31, 2022.**

IN THE MATTER OF THE RECEIVERSHIP OF SATHER RANCH LTD.

RECEIVER'S INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD NOVEMBER 21, 2019 TO DECEMBER 31, 2022

	Nov 21/19 to Dec 31/20	Jan 1/21 to Dec 31/22	TOTAL	Notes
<b>RECEIPTS:</b>				
Sale of Property	\$ 984,197.39	\$ -	\$ 984,197.39	
Collection of Cattle Auction Proceeds	91,667.56	-	91,667.56	
Funds Transferred into ISCU Credit Line Acct From BMO Trust Acct. to payout borrowing	57,497.20	-	57,497.20	
Funds Transferred into BMO Trust Acct From ISCU Credit Line Acct.	55,163.00	-	55,163.00	
GST refund	1,852.28	19,108.34	20,960.62	
Sale of Cattle	12,528.00	-	12,528.00	
Holdback funds from sale of land	10,000.00	-	10,000.00	
Interest on GIC	132.78	3,367.10	3,499.88	
Residual funds from previous Receiver's account	-	2,085.27	2,085.27	
GST Collected on Equipment Sale	2,050.00	-	2,050.00	
Funds Transferred into ISCU Credit Line Acct From BMO Trust Acct.	182.73	-	182.73	
Reimbursement of Filing Fee	20.00	-	20.00	
Refund of Service Charge - ISCU	3.84	-	3.84	
<b>TOTAL RECEIPTS</b>	<b>\$ 1,215,294.78</b>	<b>\$ 24,560.71</b>	<b>\$ 1,239,855.49</b>	
<b>DISBURSEMENTS:</b>				
Property taxes	\$ 26.74	\$ -	\$ 26.74	
Filing Fees	70.00	-	70.00	
Utilities	145.00	-	145.00	
Bookkeeping	180.00	-	180.00	
Funds Transferred to ISCU Credit Line Account from BMO Trust Acct.	182.73	-	182.73	
Fuel	366.96	-	366.96	
Interest Charges	457.43	-	457.43	
Bank charges	756.00	434.97	1,190.97	
Receivership Loan Set Up Fees & Costs - ISCU	1,557.50	-	1,557.50	
Grazing License Renewal	4,935.50	-	4,935.50	
Insurance	6,000.00	-	6,000.00	
Ranch Management - wages / fees	1,997.79	4,050.25	6,048.04	
Accounting fees	3,325.00	5,050.00	8,375.00	
Appraisal	9,272.20	-	9,272.20	
Payout of Previous Receiver's Taxation Costs	-	12,707.63	12,707.63	
GST Paid	8,871.00	14,734.51	23,605.51	
Payout of Previous Receiver's Borrowing Charge	40,000.00	-	40,000.00	
Funds Transferred to BMO Trust Acct. from ISCU Credit Line Acct.	55,163.00	-	55,163.00	
Payout of ISCU receivership loan	57,497.20	-	57,497.20	
Receiver's Fees	96,773.32	117,884.31	214,657.63	
Receiver's Legal Counsel Fees	72,757.58	165,608.10	238,365.68	
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 360,334.95</b>	<b>\$ 320,469.77</b>	<b>\$ 680,804.72</b>	
<b>EXCESS OF RECEIPTS OVER DISBURSEMENTS</b>	<b>\$ 854,959.83</b>	<b>\$ (295,909.06)</b>	<b>\$ 559,050.77</b>	1,2

Notes:

- 2020 Balance represented by:  
BMO Trust Account balance at 12/31/20 \$44,827.05  
BMO Investment in GIC \$810,132.78  
**TOTAL BALANCE - ALL ACCOUNTS \$854,959.83**
- 2021-2022 Balance represented by:  
BMO Trust Account balance at 12/31/22 \$559,050.77  
BMO Investment in GIC \$0.00  
**TOTAL BALANCE - ALL ACCOUNTS \$559,050.77**