



**District of British Columbia
Court No. KEL-S-S-127397
KELOWNA REGISTRY**

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF THE LIQUIDATION OF WITMAR HOLDINGS LTD.
LIQUIDATOR'S SECOND REPORT**

June 2, 2025

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INTRODUCTION AND PURPOSE OF THE REPORT

Introduction

1. C. Cheveldave & Associates Ltd. ("**CAL**") was appointed as the Liquidator of Witmar Holdings Ltd. ("**Witmar**" or the "**Company**") by an Order granted by this Honourable Court pursuant to sections 324 and 325 of the *Business Corporations Act*, SBC 2002, c.57 (the "**BCA**") on January 26, 2024.
2. The Order (the "**Appointing Order**") became effective at noon on February 23, 2024 and was entered into the Kelowna Court Registry on March 6, 2024.
3. For further information on these liquidation proceedings please refer to the Liquidator's website www.cheveldave.ca/engagements .
4. In preparing this report, the Liquidator has been provided with, and has relied upon, unaudited and other limited financial information, (together, the "**Information**"). The Liquidator 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 Liquidator 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 Liquidator expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.

5. All references to monetary amounts in this report are in Canadian dollars unless otherwise specified.

Background

6. Witmar is a Kelowna, BC based company that has the following business operations:
 - a. Apartment buildings and rentals.
 - b. Residential real estate rentals.
 - c. Hotel & motel operations.
7. The Company directors at the time of the Liquidator's appointment were:
 - a. Walter Weisstock.
 - b. Antony Weisstock.
 - c. Silvia Gerard.
8. The Company was incorporated on October 29, 1981 under incorporation number BC0244659. Currently, the Company's shareholders are:
 - a. Wise Stock Developments Ltd. (A company the Liquidator understands is beneficially owned / controlled by Walter Weisstock.
 - b. SOAL Collective Inc. (A company the Liquidator understands is beneficially owned / controlled by Antony Weisstock.
 - c. Delta Vector Developments Corporation. (A company the Liquidator understands is beneficially owned / controlled by Albert Weisstock.
 - d. Saskgerards Holding Corporation. (A company the Liquidator understands is beneficially owned / controlled by Silvia Gerard.
 - e. Islandview Country Estates Inc. (A company the Liquidator understands is controlled by Antony Weisstock as trustee of the Willy and Maria Concetta Weisstock Trust.

- f. 1100748 B.C. Ltd. (A company the Liquidator understands is controlled by the Estate of Maria Concetta Weisstock with Donald James Ramsay as the trustee. The Liquidator also understands that Walter Weisstock, Antony Weisstock, Albert Weisstock and Silvia Gerard are beneficiaries of the Estate).
- 9. Albert Weisstock, Walter Weisstock, Antony Weisstock and Silvia Gerard are siblings.

Purpose of the Liquidator's Second Report

- 10. The purpose of the Liquidator's Second Report (the "**Second Report**") is to provide this Honourable Court with the following:
 - a. An update on the shareholders' efforts in attempting to resolve asset distribution matters.
 - b. The Liquidator's comments on an approach for a sales process.
 - c. The Liquidator's recommendations.

SHAREHOLDERS' EFFORTS TO RESOLVE ASSET DISTRIBUTION MATTERS

11. As discussed in the Liquidator's First Report, the shareholders advised the Liquidator of their desire to undertake a process of reaching a negotiated settlement to divide the Company assets. The Liquidator was of the view that so long as the shareholders were attempting to work towards reaching a settlement, the opportunity should be afforded to them. As such, the Liquidator agreed to temporarily pause proceeding with advancing specific realization steps.
12. Throughout 2024, the shareholders undertook efforts to resolve differences and come to a general consensus as to the division of assets. These efforts were described in the Liquidator's First Report and included:
 - a. Meeting with prospective mediators / arbitrators.
 - b. Consideration of prospective mediation agreements.
 - c. Attending numerous meetings and discussions among the shareholder group to consider various proposals and counter proposals.
13. In January 2025 at the request of the shareholders, the Liquidator retained the services of Doane Grant Thornton LLP to provide specific tax advice relating to the potential asset dispositions among the shareholder group.
14. The Liquidator was advised by the shareholders that unfortunately, they were unable to agree on the implementation strategy that was proposed by Doane Grant Thornton LLP.
15. The Liquidator had arranged for a meeting between the shareholders, legal counsel for the shareholders, the Liquidator and the Liquidator's

legal counsel. This meeting took place on April 1, 2025. The purpose of this meeting was to discuss a sales process approach, the possibility of how assets could be distributed among the shareholders and the related matters thereof, the consequences of not being able to come to an agreement as between the shareholders, and to obtain the input from the shareholders on these matters.

16. An outcome of the April 1, 2025 meeting was that a “buy-out” proposal was made by one of the shareholders to the other three shareholders regarding a settlement.
17. Discussions and negotiations ensued among the shareholders and their respective legal counsel concerning the proposal. The outcome of these discussions and negotiations did not result in an agreed to “buy out” solution to the presented proposal.
18. Similarly, discussions and negotiations among the shareholders have ensued regarding the method and process to utilize in conducting a closed, shareholder only approach to bidding on and acquiring assets.
19. Despite all efforts undertaken by the shareholders, they have been unable to reach a consensus on the method and process that assets could be bid on and ultimately acquired in a closed, shareholder only approach.

SALES PROCESS

20. Notwithstanding the numerous efforts on the part of the shareholders, they have been unable to arrive at an acceptable arrangement to distribute the Company's assets among themselves.
21. The Liquidator does not believe that any further efforts on the part of the shareholders to arrive at an acceptable arrangement to distribute the assets among themselves will be successful. As a result, the liquidation and realization of the Company's assets should begin.

Right Of First Refusal Provision in the Appointing Order

22. The Appointing Order provides for a right of first refusal ("ROFR") process that would allow for a shareholder (or shareholders) to potentially acquire Property subsequent to the Liquidator receiving an offer from a third party resulting from a sales process.
23. Paragraph 3(q) of the Appointing Order sets out:
"subject to the terms of this Order, to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Liquidator considers appropriate, including to solicit offers or credit bids from the Company's shareholders in accordance with the procedures set out in Schedule B or otherwise, at the Liquidator's discretion;"
24. Schedule B of the appointing Order sets out the details of the ROFR process and provides for, among other things:

- a. The Liquidator to provide written notice to each of the Company's shareholders the right to purchase the property that the Liquidator has received a Third Party offer from.
 - b. The Liquidator to provide a copy of the Third Party offer to the Company's shareholders along with the written notice.
 - c. The written notice would be open for acceptance by the Company shareholders for a 30 day period.
 - d. Should more than one acceptance from the Company's shareholders be received by the Liquidator, a blind bid process would be undertaken.
 - e. In the event that a Company's shareholder offer is accepted by the Liquidator, the sale would be completed on terms that include the reduction and limitation of any realtor sales commission to no more than one-third of standard commission rates applicable to the cash portion of the sale price of the Property.
25. While the ROFR process as set forth in the appointing Order is discretionary, the Liquidator has the following concerns with the implications of the ROFR process language in the appointing Order:
- a. There may be a limited number of real estate brokerages who would be interested in the listing opportunity given the ROFR provision resulting in a potentially smaller pool of real estate brokerage candidates.
 - b. Real estate brokerages may be less willing to invest the time, effort and money required to deploy a fulsome marketing campaign given the uncertainty of the commission amount that may be earned.
 - c. The prospective pool of interested purchasers may be limited due to the uncertainty that a purchase transaction can be closed with a third party should the ROFR process commence in addition to prospective purchasers not being willing to spend the time, money and effort to conduct serious due diligence.

- d. Achieving maximum realization value for the benefit of the Liquidation estate is unlikely should there be a limited pool of interested, prospective purchasers.
- e. In the event that the ROFR provision is triggered and the resultant transaction is not able to be closed, the Liquidator would be forced to market the property again which may attract lower offers from prospective purchasers compared to the initial offer. This results in increased time and cost to the Liquidation estate.
- f. Any of the shareholders could make an offer to purchase the assets without utilizing the ROFR process which renders such a process redundant.

Utilization of Credit Bids By Shareholders

- 26. Walter Weisstock, Antony Weisstock and Albert Weisstock have advised the Liquidator that they would like to utilize portions of their unrealized equity in the Company's assets to make credit bid offers to acquire some or all of the Company assets.
- 27. Silvia Gerard has advised the Liquidator that she has no interest in acquiring Company assets or using a credit bid.
- 28. Notwithstanding the language contained in subparagraph 3(q) of the Appointing Order referencing the solicitation of credit bids from the shareholders, the Liquidator has the following concerns regarding the use of shareholder credit bids:
 - a. The valuation of equity that could be attributed to each shareholder would need to be agreed to by the shareholders collectively. Given the long-standing disputes between the shareholders, the Liquidator has little confidence that such an agreement by the shareholders can be reached.

- b. The value of the shareholders equity in the Company cannot be ultimately determined until such time that all assets are realized on, Company operations are completely wound down, all taxes are paid, all statutory priority creditor claims and any remaining unsecured creditor claims have been addressed. Calculating the value of equity prior to this point would require utilizing estimates for various provisions of expenses and claims resulting in significant discounting of equity values.
- c. The ownership positions of the shareholders have not been completely settled as the Willy and Maria Weisstock Trust and the Estate of Maria Concetta Weisstock have not been wound up. As a result, the beneficial ownership of all shares in Witmar Holdings Ltd. is unclear and the estate that cannot be considered for the purposes of valuing equity positions of the shareholders.
- d. The use of equity to purchase assets instead of cash may result in insufficient cash being available to fund remaining obligations such as tax obligations, operating costs of remaining assets and the administration costs of finalizing the Liquidation.
- e. Silvia Gerard has indicated she has no wish to acquire assets and no desire to participate in utilizing equity to do so. A credit bid scenario may result in Silvia Gerard's equity position being unfunded if there is insufficient cash to distribute to the shareholders.
- f. In order to determine a value to attribute to the shareholders' equity for the purposes of using that value to credit bid, there would need to be provisions for amounts to be held back to address future claims and ongoing obligations. Items that would need to be provided for include, but are not limited to:
 - i. Capital gains tax pursuant to prevailing tax rules and calculations that would be in force at the time of a transaction.

- ii. The balance of the RBC mortgage plus any accrued interest.
 - iii. The balance of the Liquidator's borrowings plus any accrued interest.
 - iv. Corporate income tax for net income resulting from operations.
 - v. Payroll and severance obligations for employees that would be terminated as a result of a sale of particular assets.
 - vi. Operating costs of the underlying business related to specific assets that are unsold for an indefinite period of time.
 - vii. Claims arising from a future Claims Process that would be conducted.
 - viii. The administration costs to fund the required work to complete the Liquidation, wind up and dissolution of the Company.
 - ix. Amounts for contingencies and unforeseen events and claims.
- g. The amounts for the provisions listed above may significantly reduce the value that could be attributed to equity positions resulting in the value of credit available to make a credit bid becoming too low for purposes of obtaining financing to close a transaction.

Consideration of Sales Process Alternatives

29. The Liquidator has considered sale methods for the realization of the real property assets. These considerations included:
- a. Sales process facilitated by corporate finance professionals.
 - b. Sales process via a Sale and Investment Solicitation Process including the use of a stalking horse bid.
 - c. Sales process conducted by a competent and well experienced real estate brokerage or multiple brokerages.

30. As the majority of the assets (which are the highest valued assets) are real estate and real estate based, the Liquidator's view that the most appropriate realization method would be to offer the real property assets for sale via listing agreements with a real estate brokerage or multiple brokerages without the prospect of a ROFR or the use of credit bids by shareholders based on their unrealized equity values.
31. To this extent, the Liquidator would envision taking the following general steps in retaining an appropriate real estate brokerage or multiple brokerages and have properties marketed for sale:
- a. Finalization of a Request For Proposal document.
 - b. Identifying qualified brokerages to target sending the Request For Proposal document to. The Liquidator notes that shareholders have already provided the Liquidator with some real estate brokerage contacts they believe should be included.
 - c. Developing an evaluation criteria to review and evaluate proposals.
 - d. Receive and review proposals and allow for an opportunity for the shareholders to provide their feedback on proposals.
 - e. Selection of the brokerage or brokerages and negotiation of listing agreements.
 - f. Proceed to have properties listed.

RECOMMENDATIONS

32. The Liquidator submits its Second Report and requests this Honourable Court to:

- a. Approve the Liquidator's approach described herein regarding the recruitment and retention of a qualified real estate brokerage or brokerages to list and market the Company's properties.
- b. Approve conducting a sales process without consideration of:
 - i. The use of a ROFR.
 - ii. The use of credit bids on the part of the shareholders.

All of which is respectfully submitted this 2nd day of June 2025.

C. Cheveldave & Associates Ltd.

In its sole capacity as Liquidator of Witmar Holdings Ltd, and not in its personal or corporate capacity.

A handwritten signature in black ink, appearing to be 'C.F. Cheveldave', written over a rectangular stamp area.

**Per: C.F. (Cecil) Cheveldave, CPA, CMA, CAFM, CMC, CIRP, LIT
President**