

**ONTARIO**

**SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

**THE TORONTO-DOMINION BANK**

Applicant

- and -

**GLOBEWAYS CANADA INC., CANPULSE FOODS LTD. AND  
GLOBAL GRAIN CANADA LTD.**

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,  
R.S.C. 1985, c. B-3, AS AMENDED**

**SIXTH REPORT OF BDO CANADA LIMITED  
IN ITS CAPACITY AS RECEIVER AND MANAGER OF  
GLOBEWAYS CANADA INC., CANPULSE FOODS LTD. AND  
GLOBAL GRAIN CANADA LTD.**

**FEBRUARY 22, 2022**

**TABLE OF CONTENTS**

**INTRODUCTION AND PURPOSE OF THIS REPORT ..... 3**  
**Introduction and Background ..... 3**  
**Purpose of this Report..... 5**  
**Disclaimer ..... 6**  
**FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS..... 6**  
**ALLOCATION OF RESIDUAL FUNDS TO THE BANKRUPT ESTATES ..... 7**  
**SUMMARY AND RECOMMENDATIONS ..... 9**

**Appendices**

Final Statement of Receipts and Disbursements A  
Affidavit of Josie Parisi Sworn February 10, 2022 B  
Affidavit of Anjali Sandhu February 22, 2022 C  
Affidavit of Dominique Michaud Sworn January 26, 2022 D

## INTRODUCTION AND PURPOSE OF THIS REPORT

### Introduction and Background

1. This report dated February 22, 2022 (the “**Sixth Report**”) is filed by BDO Canada Limited (“**BDO**”) in its capacity as the receiver and manager (the “**Receiver**”) over the property, assets and undertakings of Globeways Canada Inc. (“**Globeways**”), Canpulse Foods Ltd. (“**Canpulse**”) and Global Grain Canada Ltd. (“**Global Grain**”) (collectively the “**Companies**” or the “**Debtors**”). BDO was appointed as Receiver on November 19, 2020 on an application by The Toronto-Dominion Bank (“**TD Bank**”) pursuant to an order of the Honourable Madam Justice Conway (the “**Receivership Order**”) of the Ontario Superior Court of Justice (the “**Court**”) (the “**Receivership Proceedings**”).
2. Globeways purchased inventory processed by its subsidiaries Canpulse and Global Grain and sold the product domestically and internationally. Customers were located world-wide including countries in South America, the Middle East and Asia. Products sold included, beans (kidney, pinto, black), lentils, and cranberries.
3. Canpulse and Global Grain owned and operated grain processing plants in Kindersley, Saskatchewan (“**Kindersley Plant**”) and Plum Coulee, Manitoba (“**Plum Coulee Plant**”), respectively (collectively the “**Plants**”). Neither Canpulse nor Global Grain grew the grains they sold to Globeways, the Plants instead cleaned and sorted the various grains received from producers. The Plum Coulee Plant predominately processed a variety of beans and cranberries and the Kindersley Plant predominately processed lentils, peas and canary seed.
4. As at the date of the Receiver’s appointment, the primary assets of the Company included the head office real estate (Mississauga) (“**Head Office Real Estate**”), the Plum Coulee Plant, the Kindersley Plant, inventory, accounts receivable and related party receivables. Pursuant to the Receivership Order, the Receiver is authorized to market, sell, convey, transfer, lease or assign the property or any part or parts thereof out of the ordinary course of business, subject to the limits set out therein.
5. On December 14, 2020, Madam Justice Dietrich issued an order approving the sale of the Head Office Real Estate. Such sale closed on December 29, 2020.
6. On December 14, 2020, Madam Justice Dietrich also issued an order approving the Receiver’s sales process for the sale of the Plants.
7. On January 4, 2021, Mr. Justice Cavanagh issued an order (the “**Inventory Sale Order**”) approving the sale of the inventory of Canpulse and Global Grain to Global Food & Ingredients Inc., GFI LP and

11567403 Canada Ltd (together the “**GFI Group**”). The Inventory Sale Order provided *inter alia* that for the purposes of determining the nature and priority of claims that the net proceeds stood in the place of the inventory and that all claims shall attach to the proceeds with the same priority.

8. On February 9, 2021, Mr. Justice Hainey issued an order approving the sale of the Kindersley Plant and authorized an interim distribution to TD. Such sale closed on February 22, 2021.
9. On March 2, 2021 Mr. Justice Koehnen issued an order approving the sale of the Plum Coulee Plant. Such sale closed on March 15, 2021 and authorized interim distributions to TD and Farm Credit Canada (“**FCC**”).
10. On September 13, 2021, Mr. Justice Cavanagh issued a Distribution Order approving the final distribution to the secured creditors and approval to assign the debtors into bankruptcy to allow for claims processes in each of Globeways, Canpulse and Global Grain.
11. To date the Receiver has made the following distributions to the Debtors’ secured and priority creditors which total \$14,308,576:
  - (a) an interim distribution from the proceeds of the sale of the Kindersley Plant and the Head Office Real Estate of \$6,250,000 to TD Bank (the “**First TD Interim Distribution**”), authorized by Ancillary Order granted by the Court on February 9, 2021;
  - (b) distributions from the proceeds of the sale of the Plum Coulee Plant (which is owned by Global Grain) to FCC in the amount of \$2,101,798 and to TD Bank in the amount of and \$798,000 (the “**Second TD Interim Distribution**”), authorized by Ancillary Order granted by the Court on March 2, 2021;
  - (c) payment to Intact Insurance (“**Intact**”) in the amount of \$155,189 from Global Grain and \$94,811 from Canpulse, totaling \$250,000 from the inventory proceeds associated with primary elevator receipts (as defined in the Receiver’s Fifth Report) and approved in the September 13, 2021 Distribution Order;
  - (d) payment to three producers from Canpulse who held Primary Elevator Receipts that were not part of the claim with Intact as they were dated greater than 90 days (“**Three Producer Claims**”) and ineligible to form part of the insurance claim. The total paid in respect of the Three Producer Claims was \$12,649;
  - (e) super priority payments pursuant to the Wage Earner Protection Program Act for Globeways, Canpulse and Global Grain in the amounts of \$23,780, \$17,690 and \$10,580, respectively; and

- (f) final distributions to TD in the amounts of \$1,960,909 CAD and \$2,270,226 US (the “**Final TD Distribution**”).
12. At the date of this report all assets of the Companies have been realized and the administration of these Receivership Proceedings are essentially complete with the expectation of the filing of the final HST returns, assigning each of the Companies into bankruptcy and the distribution of Residual Funds (defined below) to the respective bankruptcy estates.
13. This Sixth Report and all other court materials and orders issued and filed in these receivership proceedings are available on the Receiver’s case website at: <https://www.bdo.ca/en-ca/extranets/globeways/> and will remain available on the website for a period of six (6) months following the Receiver’s discharge.

### **Purpose of this Report**

14. The purpose of the Receiver’s Sixth Report is to provide information to the Court with respect to:
- (a) approving this Sixth Report, and the actions and activities of the Receiver described herein;
  - (b) approving the Receiver’s final statement of Receipts and Disbursements (the “**Final R&D**”);
  - (c) approving the Receiver’s proposed allocation of the residual funds after payment of all priority payables and secured debt (the “**Residual Funds**”) to the bankruptcy estates of Globeways, Canpulse and Global Grain. The Residual Funds are to be distributed to the unsecured creditors in accordance with the provisions of Bankruptcy and Insolvency Act.;
  - (d) discharging BDO as Receiver of Globeways, Canpulse and Global Grain, which discharge shall be effective upon service by the Receiver to the Service List of a certificate substantially in the form set out in Schedule “A” of the Distribution and Discharge Order (the “**Receiver’s Discharge Certificate**”), with the filing of such certificate with the Court to follow as soon as practicable;
  - (e) releasing BDO from any and all liability that it now has or may have by reason of, or in any way arising out of, the acts or omissions of BDO while acting in its capacity as Receiver herein, save and except for any gross negligence or willful misconduct on the Receiver’s part, upon the service of the Receiver’s Discharge Certificate; and
  - (f) approving the fees and disbursements of the Receiver and its counsel MLT Aikins LLP (“**MLT Aikins**”) and Robins Appleby LLP (“**Robins Appleby**”).

## Disclaimer

15. This Sixth Report has been prepared for the use of this Court and the Companies stakeholders to provide general information to assist the Court in making a determination on whether to grant the relief sought herein. Accordingly, the reader is cautioned that this Sixth Report may not be appropriate for any other purpose.
16. Except as otherwise described in this Sixth Report, 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 Canadian Auditing Standards pursuant to the Chartered Professional Accountants of Canada Handbook. The Receiver expresses no opinion or other form of assurance with respect to such information except as expressly stated herein.
17. Capitalized terms used herein and not defined in this Sixth Report shall have the meaning ascribed to them in either the Receivership Order or the Receiver's prior reports.
18. All monetary amounts contained herein are expressed in Canadian dollars unless otherwise noted.

## FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

19. Receipts from the realization of the Debtors' assets totals \$17,617,869. Disbursements including the priority, super priority and secured debt payments, as described in paragraph 11, total \$16,362,618.
20. Attached as **Appendix "A"** is the Receiver's Final R&D. The Final R&D reports net receipts over disbursements from the date of the Receiver's appointment to February 22, 2022. As at February 22, 2022 the net receipts over disbursements are \$1,255,251.
21. Significant realizations include:
  - (a) sale of the Head Office Real Estate and the Plants - \$11,194,485
  - (b) accounts receivables collections - \$3,149,569
  - (c) sale of inventory - \$2,321,226
  - (d) miscellaneous realizations (sale of vehicles, tax and HST refunds, petty cash, etc.) - \$952,589
22. The Receiver requests approval of the Final R&D.

## ALLOCATION OF RESIDUAL FUNDS TO THE BANKRUPTCY ESTATES

23. The Receiver maintained separate trust accounts for each of Debtors. Proceeds from the realization of the specific assets of Globeways, Canpulse and Globeways were deposited in the respective trust bank accounts.
24. As more fully described in the Receiver's earlier Reports, TD Bank's debt was cross-collateralized against the assets of the Debtors and TD's security ranked in priority to FCC for all of the Companies' assets except for the real estate owned by Global Grain (the "**Global Grain Assets**"). The distribution to FCC was made from the proceeds of the realization of the Global Grain assets. In addition, the Receiver paid priority and other secured amounts, which ranked in priority to TD Bank, from the respective proceeds and estates.
25. Costs directly associated with the realization of the Debtors' assets were paid from the respective trust accounts. Common costs such as Receiver's fees, legal fees and the associated sales taxes, were paid primarily from Globeways account (the "**Common Costs**") however benefited each of the estates. Without allocating these costs amongst the Companies, the Globeways creditors will disproportionately bear these Common Costs. The Receiver proposes to allocate the Common Costs as follows:

- (a) Receiver's costs and HST – equally amongst Globeways, Global Grain and Canpulse; and
- (b) Legal fees and PST, HST, GST - 20%, 40% and 40% to Globeways, Global Grain and Canpulse, respectively. The assets of Global Grain and Canpulse included real estate and inventory. The sale of which were pursuant to asset purchase agreements and inventory sale agreements and required the preparation and negotiation of these agreements. In addition, the Receiver's counsel spent considerable time negotiating a settlement with Intact related to the inventory sale proceeds received by Global Grain and Canpulse.

The sale of the Globeway's real estate was negotiated prior the appointment of the Receiver and a relatively simple purchase and sale agreement was used.

26. The First TD Interim Distribution, the Second TD Interim Distribution and the Final TD Distribution were paid from available funds in each of the estates and not allocated by estate. An allocation to TD Bank's debt to each estate is necessary to calculate the funds to be transferred to each of the Debtors bankruptcy estates. The Receiver proposes to allocate TD Bank's debt based upon the proceeds of asset realizations net of priority payments and FCC's debt.

27. The following table presents the Receiver's proposed allocation of Common Costs and TD's Debt and results in net receipts over disbursements of \$223,611 and \$1,031,640 to be transferred to Globeways and Canpulse's bankruptcy estates, respectively. We note that the Receiver anticipates a tax refund for Global Grain from the 2021 returns filed. To date, the Notice of Assessment ("NOA") for Global Grain has been received confirming a refund of \$141,480. The Receiver requests approval to transfer these amounts to the respective bankruptcy estates.

<b>Estimated receipts over disbursements</b>				
	<b>Globeways</b>	<b>Global Grain</b>	<b>Canpulse</b>	<b>Total</b>
Total receipts	\$ 4,651,392	4,681,894	8,284,583	17,617,869
Payments to secured creditors:				
FCC (real estate)	-	2,101,798	-	2,101,798
Intact Insurance (inventory)	-	155,189	94,811	250,000
Producer Claims (inventory)	-	-	12,649	12,649
WEPP	23,780	10,580	17,690	52,050
Secured & priority payments excl. TD	\$ 23,780	2,267,567	125,150	2,416,497
Net receipts before TD debt	\$ 4,627,612	2,414,327	8,159,433	15,201,372
<i>Percentage of realizations</i>	<i>30.4%</i>	<i>15.9%</i>	<i>53.7%</i>	<i>100.0%</i>
Expenses before common expenses	361,847	172,695	69,431	603,973
Common expenses:				
Receiver's fees	215,423	215,423	215,423	646,268
Legal fees	84,570	169,139	169,139	422,849
Sales agent costs	-	68,037	154,514	222,552
HST on Receiver & sales agent fees	27,966	36,850	48,092	112,908
PST on legal fees	4,975	9,950	9,950	24,875
HST on legal fees	12,577	-	-	12,577
GST on legal fees	1,371	2,742	2,742	6,854
Common expenses	346,881	502,141	599,860	1,448,882
Net Receipts	3,918,884	1,739,491	7,490,142	13,148,517
Total TD secured debt - allocated	3,695,273	1,739,491	6,458,502	11,893,266
Receipts over disbursements	223,611	-	1,031,640	1,255,251

## FEES AND DISBURSEMENTS

28. Pursuant to paragraph 18 of the Receivership Order, any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees and disbursements of the Receiver and the fees and disbursements of the Receiver's legal counsel, constitute part of the "Receiver's Charge".
29. The Receiver's fees for the period August 1, 2021 through February 7, 2022 equal \$103,272.85, which includes \$10,000 for costs to complete the administration, disbursements of \$1,029.60 and HST of \$11,968.75 and fees of \$90,274.50, as set out in the Affidavit of Josie Parisi sworn on February 10, 2022, a copy of which is attached hereto as **Appendix "B"**.
30. MLT Aikins' fees for the period August 21, 2021 to January 31, 2022, were \$21,964 plus disbursements of \$222.37 and provincial sales taxes and GST of \$2,646.80, for a total of \$24,833.17



plus an estimated accrual to complete of \$7,500, as set out in the affidavit of Anjali Sandhu sworn February 22, 2022, a copy of which is attached as **Appendix “C”**.

31. Robbins Appleby’s fees for the period January 29, 2021 to September 13, 2021 were \$12,253 plus disbursements of \$1,193.31 and applicable taxes of \$1,706.43 for a total of \$16,152.74 as set out in the affidavit of Dominique Michaud sworn on January 26, 2022, a copy of which is attached as **Appendix “D”**.
32. The Receiver respectfully submits that the Receiver’s fees and disbursements, and those of MLT Aikins and Robbins Appleby are fair and reasonable in the circumstances and have been validly incurred in accordance with the provisions of the Receivership Order.

### **SUMMARY AND RECOMMENDATIONS**

33. Based on the foregoing, the Receiver respectfully requests that the Court grant an Order:
  - (a) approving this Sixth Report and the actions and activities of the Receiver described herein, including the Receiver’s Final R&D;
  - (b) approving the Receiver’s proposed allocation of the Common Costs and TD Bank’s debt across the Debtors’ estates as presented herein;
  - (c) approving the Receiver’s proposed allocation of the Residual Funds to each of the bankruptcy estates as described herein in order to allow for a fair and reasonable transfer to their bankruptcy administrations;
  - (d) discharging BDO as Receiver of all of the assets, undertakings and properties of Globeways, Canpulse and Global Grain upon service by the Receiver on the Service List of a certificate, substantially in the form set out in Schedule “A” of the Distribution and Discharge Order (the **“Receiver’s Discharge Certificate”**), with the filing of such certificate with the Court to follow as soon as practicable;
  - (e) releasing BDO from any and all liability that it now has or may have by reason of, or in any way arising out of, the acts or omissions of BDO while acting in its capacity as Receiver herein, save and except for any gross negligence or willful misconduct on the Receiver’s part, upon the service of the Receiver’s Discharge Certificate; and
  - (f) approving the fees and disbursements of the Receiver and its legal counsels, MLT Aikins and Robins Appleby, as outlined herein and detailed in the supporting fee affidavits appended hereto and authorizing the Receiver to pay all approved and unpaid fees and disbursements.

All of which is respectfully submitted this 22<sup>nd</sup> day of February 2022.

**BDO CANADA LIMITED,  
in its capacity as the Court-appointed Receiver and Manager of  
Globeways Canada Inc. Canpulse Foods Ltd. and Global Grain Canada  
Ltd. and not in its personal or corporate capacity**



Per:

Name: \_\_\_\_\_  
Title: Senior Vice-President