

No. S-261320
VANCOUVER REGISTRY



IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN

ROYAL BANK OF CANADA

PLAINTIFF

AND:

**WESTCOAST APPLIANCE CENTRE 2014 LTD.
CAPITAL IRON (2022) LTD.
ARAM HOLDINGS LTD.
TAHAMTAN ARAM ALSO KNOWN AS FRED ARAM**

DEFENDANTS

**IN THE SUPREME COURT OF BRITISH COLUMBIA
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE RECEIVERSHIP OF
WESTCOAST APPLIANCE CENTRE 2014 LTD. and CAPITAL IRON (2022)
LTD.**

FIRST REPORT OF THE RECEIVER

March 11, 2026

**BDO Canada Limited, Receiver of
Westcoast Appliance Centre 2014 Ltd.
and Capital Iron (2022) Ltd.**

Royal Centre
Unit 1100 – 1055 W Georgia Street
Vancouver, BC V6E 3P3

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I. INTRODUCTION AND BACKGROUND

1. On February 27, 2026, on the application of the Plaintiff, Royal Bank of Canada (“**RBC**”), the Supreme Court of British Columbia (this “**Court**”) pronounced an Order (the “**Receivership Order**”) appointing BDO Canada Limited, as receiver and manager (in such capacity, the “**Receiver**”), without security, of all the assets, undertakings and property of Westcoast Appliance Centre 2014 Ltd. (“**Westcoast**”) and Capital Iron (2022) Ltd. (“**Capital Iron**”, along with Westcoast, collectively the “**Companies**”). Pursuant to paragraph 38 of the Receivership Order, the Court directed a comeback hearing in this matter for March 13, 2026.
2. Westcoast, operating as Westcoast Appliance Gallery, was incorporated and registered under the laws of the Province of British Columbia on November 3, 2024.
3. Capital Iron was incorporated and registered under the laws of the Province of British Columbia on November 22, 2022.
4. The principal business of the Companies was to operate as a home appliance, indoor furniture, and outdoor furniture retailer based in Victoria, British Columbia.
5. Westcoast operated from a leased premises located at 3090 Nanaimo St., Victoria, British Columbia (the “**Westcoast Premises**”). Capital Iron operated from leased premises located at 1900 Store St. and 1908 Store St., Victoria, British Columbia (the “**Capital Iron Premises**”, together with the Westcoast Premises, the “**Companies Premises**”). The principal of the Companies is Fred Aram (the “**Principal**”).
6. The Companies struggled with working capital deficiencies and ceased operations on February 20, 2026 (the “**Closing Date**”).

7. The primary secured creditors of each of the Companies are RBC, Cantrex Nationwide Group Inc. ("**Cantrex**") and Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**"). As detailed herein, Cantrex and Wells Fargo claim priority security interests in certain inventory of the Companies they respectively financed pursuant to purchase-money security interests ("**PMSI**") and priority agreements between each of them and RBC. The Companies each granted RBC a security interest in all of their present and after-acquired personal property pursuant to respective general security agreements ("**GSAs**" or "**GSA**").
8. As detailed herein, the significant volume of inventory at the Westcoast Premises and Capital Iron Premises, the refusal of the Companies' IT service provider, Resilient IT Services Inc. ("**Resilient IT**"), to permit the Receiver access to computer records and the lack of other books and records available to the Receiver means that the Receiver has encountered difficulty in identifying all of the inventory and determining respective priorities among the secured creditors over the Companies' inventory.
9. In addition to the security interests in the Companies' inventory, there appear to be a material quantum of deposits paid by customers for goods that may form part of the Companies' inventory. A significant number of customers claimed to have fully or partially paid for goods that were not delivered or released to them prior to the Receivership Order. As detailed herein, it is not clear at this time whether such goods are even located on the Companies Premises.
10. The Receiver has attended the Companies Premises to take possession and secure the assets of the Companies.
11. McMillan LLP is legal counsel to the Receiver (the "**Receiver's Legal Counsel**").

II. PURPOSE OF THIS REPORT

12. Pursuant to paragraph 3 of the Receivership Order, the Court has directed the Receiver to prioritize a review of the priorities among RBC, Cantrex, and Wells Fargo and the collateral subject to any priority interests of Wells Fargo or Cantrex.
13. Pursuant to paragraph 38 of the Receivership Order, a return hearing is scheduled in this matter on March 13, 2026.
14. This is the first report of the Receiver (this “**First Report**” or “**Report**”) to be filed in the receivership proceedings. The purpose of this First Report is to:
 - a) provide this Court with:
 - (i) the background of the Companies and their assets;
 - (ii) the activities of the Receiver since the date of the Receivership Order; and
 - (iii) the Receiver’s preliminary findings with respect to the priorities among RBC, Cantrex, and Wells Fargo vis-à-vis the collateral as identified at the Westcoast Premises and Capital Iron Premises; and
 - b) seek the following relief from the Court:
 - (i) expand the Receiver’s borrowing powers from \$150,000 to \$500,000;
 - (ii) compel the compliance of Resilient IT under the Receivership Order and to provide access to the Companies’ books and records stored or otherwise contained on computer or other electronic systems; and
 - (iii) approving the Receiver’s activities set out in this Report.

III. SCOPE AND TERMS OF REFERENCE

15. In preparing this Report and in making the recommendations contained herein, the Receiver has relied upon information obtained from discussions with the Principal; discussions, documents, schedules and information from RBC, Cantrex, and Wells Fargo; documents and information from former employees of the Companies; and, where available and appropriate, the Companies' books and records.
16. The Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information and, accordingly, the Receiver expresses no opinion or other assurance in respect of such information as reflected in this Report.
17. All references to dollars are in Canadian currency unless otherwise noted.

IV. THE ACTIVITIES OF THE RECEIVER

18. Since the date of the Receivership Order, the Receiver's activities have included:
 - a) performing its statutory duties as required pursuant to subsection 245 (1) and 246(1) of the *Bankruptcy and Insolvency Act (Canada)* in relation to creditor and Official Receiver notification;
 - b) attending the Companies Premises;
 - c) retaining the services of the landlords and property managers of each of the Westcoast Premises and Capital Iron Premises to assist the Receiver with securing the collective premises and assets of the Companies;

- d) arranging for regular security patrols to monitor each of the Westcoast Premises and Capital Iron Premises and assets of the Companies located there;
- e) facilitating and administering the WEPP claims (defined below) of former employees of the Companies;
- f) working with Cantrex, Wells Fargo, and RBC to identify assets at the Companies Premises subject to their respective security interests to assess priorities among such secured creditors;
- g) soliciting an auction proposal with respect to the liquidation of the Companies' assets;
- h) holding discussions with parties interested in purchasing the assets;
- i) facilitating discussions with the third party IT provider, Resilient IT in an attempt to gain access to the Companies' cloud servers;
- j) corresponding with customers who have partially or fully paid orders that may be located at the Companies Premises; and
- k) preparing this First Report to Court.

V. THE BUSINESS, CUSTOMERS, EMPLOYEES, ASSETS, AND LIABILITIES

The Business

Westcoast

19. Westcoast operated a 12,000 square foot storefront at the Westcoast Premises for the sale of kitchen appliances ranging various brands of ovens, stovetops, refrigerators, hood fans, dishwashers, and outdoor barbeque

grills. The Receiver estimates there to be in excess of 200 appliance inventory units located at the Westcoast Premises.

20. The Westcoast Premises is leased from H&R Building Management Inc. (the "**Westcoast Landlord**"), for approximately \$30,000 per month.
21. Westcoast employed seventeen (17) employees as at the Closing Date.

Capital Iron

22. Capital Iron operated a 44,000 square foot building spanning four (4) floors, in addition to a 10,000 square foot warehouse, numerous sea-cans and several outbuildings. The Capital Iron Premises consists of appliances, indoor furniture, outdoor furniture, barbecues and hot tubs. The Receiver estimates there to be in excess of 2,000 appliance and furniture inventory units located at the Capital Iron Premises. The inventory units at the Capital Iron Premises appear to be owned by either Capital Iron or Westcoast.
23. The Capital Iron Premises is leased from 1900 Store Holdings Ltd. and 1908 Store Holdings Ltd. (the "**Capital Iron Landlord**"), for approximately \$120,000 per month.
24. Capital Iron employed thirteen (13) employees as at the Closing Date.

Fred Aram

25. The Receiver has made various attempts to connect with the Principal for clarification of the financial status of Westcoast and Capital Iron, the accounting of assets as financed by Cantrex and Wells Fargo, and retrieval of the books and records. The Principal has declined to provide assistance to the Receiver. As a result, and due to the failure of Resilient IT to comply with the Receivership Order, the Receiver has limited books and records of the Companies as at the date of this Report and has had to rely upon inventory schedules from Cantrex and Wells Fargo, in addition to physical inventory inspections by staff of the Receiver for additional information.

26. The Receiver understands that on or around January 31, 2026, Fred Aram transferred \$376,954.36 (the “**Transferred Funds**”) from the Companies’ RBC bank accounts to a Bank of Montreal (“**BMO**”) bank account of an immediate relative. On February 17, 2026, RBC commenced an action in this Court to seek recovery of the Transferred Funds. On March 4, 2026, RBC obtained an order for BMO to deliver the name(s) and last known contact information for the holder of the BMO account that received the Transferred Funds (the “**BMO Records**”). Upon receipt of the BMO Records, the Receiver will pursue recovery of the Transferred Funds, including commencing a fraudulent conveyance and/or fraudulent preference action and seek an Order of this Court directing BMO to deliver the Transferred Funds to the Receiver.
27. The Receiver was able to connect with certain past employees of the Companies for background information and clarification where required. However, there are gaps of knowledge that only the Principal appears to be privy of, particularly, as it relates to the accounting of assets financed by Cantrex and Wells Fargo.

The Customers

28. On the Closing Date, the Principal placed a notice on the doors of the Companies Premises to notify the general public of the appointment of BDO Canada Limited as Receiver, prior to the Receivership Order being made 7 days later. The Principal communicated the same to the employees of the Companies as well as various vendors. This misinformation resulted in a significant amount of inquiries to the Receiver, prior to the Receiver’s appointment, from customers who claim to have partially or fully paid for inventory at either the Westcoast Premise or the Capital Iron Premises.
29. As at the date of this Report, fifty-four (54) customers are in contact with the Receiver in relation to fifty-eight (58) orders that they claim to have either partially or fully paid for and have not been delivered. Based on discussions

with previous employees of the Companies, such orders were typically paid via credit card or direct transfer of funds. Prior to the date of the Receivership Order, the Principal informed the Receiver that there were in excess of 500 outstanding customer deposits.

30. Customers with partially or fully paid orders were advised by the Companies and the Principal to seek assistance via their credit card company for a refund of their orders. The Receiver understands some customers have already elected to pursue this option for a refund. It is unknown, as at the date of this Report, the number and amount of refunds processed.
31. The Receiver has updated its webpage to include a message to all customers affected by the closure of the Companies to have their information registered with the Receiver's office to be notified of any updates.
32. The Receiver and the Receiver's Legal Counsel understand the customers with partially or fully paid goods may potentially have a buyer's lien claim against the proceeds of the inventory subject to meeting certain criteria, as detailed below.

EPASS and Resilient IT

33. The Receiver understands that all customer related information, including pending orders and customer deposit information, are managed by the Companies' point of sale system software, "EPASS". The Receiver does not have access to EPASS as the 3rd party IT provider, Resilient IT, who hosts the cloud servers has shut off the Companies' access to the server due to communication from the Principal regarding the closing of the Companies' business and nonpayment of alleged outstanding arrears in the amount of approximately \$60,000, including termination costs.
34. The Receiver understands from Resilient IT that pre-receivership IT services with the Companies cost approximately \$6,000 per month. The Receiver has attempted to negotiate with Resilient IT for one month of access to the server

and offered to pay \$12,000 for its services and requested for Resilient IT to turn on the Companies' servers for the operation of EPASS so that the Receiver may access customer data and the books and records of the Companies. Resilient IT has refused to do so unless the Receiver pays a minimum of \$20,000 and indemnifies Resilient IT. The Receiver has notified Resilient IT that it is required to provide the Receiver with access to the Companies' books and records under the Receivership Order.

35. The Receiver requests the Court's assistance to compel Resilient IT to provide full and unfettered access to the Companies IT system and that Resilient IT be held liable for any future costs that the Receiver incurs with respect to gaining access to the IT system.
36. For greater clarity, without access to the Companies' cloud servers, EPASS, and the cooperation of the Principal, the Receiver has limited to no access to information on the following:
 - a) Books and records of the Companies;
 - b) Accounts receivable balance details and invoices;
 - c) Potential volume rebates from suppliers;
 - d) The quantum of customer deposits and general customer information;
and
 - e) Inventory reports;

The Employees

37. Several employees of the Companies have been assisting the Receiver with its requests for information and clarification where required, however without access to the Companies' IT system, their ability to assist has been limited.
38. The Receiver is collecting information from the employees for administration of the Wage Earners Protection Program ("WEPP") for unpaid wages, vacation pay, and termination pay where appropriate.

The Assets

Westcoast and Capital Iron Inventory

39. Westcoast has appliance units (the “**Westcoast Inventory**”) located within both the Westcoast Premises and Capital Iron Premises.
40. Capital Iron has furniture units (the “**Capital Iron Inventory**”) located within the Capital Iron Premises.
41. From discussions with Cantrex, Wells Fargo, RBC, and the employees of the Companies, as at the date of receivership, the Receiver understands the Westcoast Inventory and Capital Iron Inventory collectively has a total cost basis of \$5.7 million.

Volume Rebates and Accounts Receivables

42. The Companies periodically received volume rebates from certain manufacturers of the Westcoast Inventory and Capital Iron Inventory. The Companies internal financial statements indicate approximately \$480,000 of volume rebates for the 12-month period ended October 31, 2025. The Receiver is working with the manufacturers to assess the quantum of unpaid rebates and will collect accordingly, however without books and records this has been difficult to assess.
43. Based on discussions with former employees, the Receiver believes there may be in excess of \$400,000 in accounts receivable for the Companies. However, without access to the server and its contents, the Receiver is unable to verify this information as at the date of this Report. If there are collectible accounts receivable balances the Receiver will pursue recovery accordingly.

Liabilities

44. The Companies have estimated liabilities totaling in excess of \$6,319,000 as at the date of the Receivership Order as follows:

Secured Creditor	Amount Owed (\$000's)		
	Westcoast	Capital Iron	Total
Royal Bank of Canada	1,797	1,511	3,308
Cantrex Nationwide Group Inc.	2,320	324	2,644
Wells Fargo Capital Finance Corporation Canada	156	151	307
Employees	34	26	60
CRA - GST	Unknown	Unknown	Unknown
CRA - Source Deductions	Unknown	Unknown	Unknown
Business Development Bank of Canada	Unknown	Unknown	Unknown
Merchant Capital Group LLC	N/A	Unknown	Unknown
Ford Credit Canada Company	Unknown	N/A	Unknown
The Bank of Nova Scotia	Unknown	N/A	Unknown
Toyota Industries Commercial Finance Canada Inc.	Unknown	N/A	Unknown
Total	4,307	2,012	6,319

45. As aforementioned, Cantrex and Wells Fargo each have priority claims against certain inventory of Westcoast and Capital Iron.
46. The debt owing to RBC pursuant to its GSAs is cross collateralized and cross guaranteed between Westcoast and Capital Iron.

Priority Claims

47. There are no outstanding source deductions as at the date of receivership that the Receiver is aware of. However, a payroll trust examination by CRA has to be completed to verify this.
48. There is a pre-receivership outstanding GST balance for Westcoast in the amount of \$2,737.60. There is no pre-receivership outstanding GST balance for Capital Iron. However, the Receiver understands there are outstanding GST returns to be filed for the quarter leading up to the date of the Receivership Order. There are likely substantial GST balances owing to CRA upon the filing of these GST returns.

49. Under WEPP, employees have a claim that ranks in priority to all secured creditors over current assets for up to \$2,000 per employee. The Receiver estimates WEPP priority claims for Westcoast and Capital Iron to be up to \$34,000 and \$26,000, respectively.
50. Payroll source deductions, WEPP priority claims, and (subject to a bankruptcy) GST, rank in priority to the secured creditors.
51. Based on review of the British Columbia Personal Property Registry (“PPR”) records for the Companies, the Receiver identified other secured creditors such as the Business Development Bank of Canada (“BDC”), Ford Credit Canada Company, the Bank of Nova Scotia, Toyota Industries Commercial Finance Canada Inc., and Merchant Capital Group LLC. The Receiver is establishing contact with these secured creditors to understand the nature and amount of the indebtedness.

VI. REVIEW OF PRIORITIES

Inventory Count by Cantrex and Wells Fargo

52. Upon its appointment, the Receiver held discussions with Cantrex and Wells Fargo to understand how their collateral is tracked at the Companies Premises. The Receiver requested and received inventory schedules detailing the collateralized items by serial numbers and / or SKU’s that are subject to their respective PMSI’s.
53. Both Cantrex and Wells Fargo have arranged for their own team members to complete a physical count of inventory subject to their respective PMSIs at the Companies Premises to verify the accuracy of their inventory schedules, under the oversight of the Receiver in accordance with paragraph 4 of the Receivership Order.

54. The inventory count has been a challenging exercise due to the volume of inventory. In some instances, the appliances are stacked on top of other units, which has presented difficulty in the identification of inventory. A full inventory count of all inventory would likely take several weeks to complete. Accordingly, the Receiver is segregating the inventory into three categories:
- a) Inventory subject to Wells Fargo's PMSI;
 - b) Inventory subject to Cantrex's PSMI; and
 - c) All remaining inventory, which is subject to RBC's GSA.
55. The Receiver has engaged a certified forklift driver to assist with inventory identification.
56. As at the date of this Report, the physical inventory count has been completed by Wells Fargo. Cantrex started their inventory count on March 10, 2026.

Preliminary Summary of Priorities between Cantrex, Wells Fargo, and RBC

57. The Receiver and the Receiver's Legal Counsel have reviewed the relevant security documents and PPR records to assess the priorities among RBC, Cantrex, and Wells Fargo and the collateral subject to any priority interests of Wells Fargo or Cantrex in accordance with paragraph 3 of the Receivership Order.
58. The Receiver's understanding of the priority between Cantrex, Wells Fargo, and RBC in respect of the Companies' inventory is summarized below. The Receiver and the Receiver's Legal Counsel have sought comment from counsel from Cantrex and Wells Fargo regarding their respective priorities.

Capital Iron - Priorities

59. The relevant PPR registrations in respect of Capital Iron are as follows:

Secured Party	PPR Registration #	Registration Date	Collateral Description
Cantrex Nationwide Group Inc.	823875P	October 3, 2023	All Inventory, Equipment, Accounts and all undertaking and property of Capital Iron, and all Proceeds
Wells Fargo Capital Finance Corporation Canada	886885P	November 2, 2023	All of the Debtor's present and after-acquired personal property
Royal Bank of Canada	900124P	November 9, 2023	All of the Debtor's present and after-acquired personal property wherever situate, including goods (Inventory, Equipment), chattel paper, documents of title, instruments, intangibles, money, licences, crops, securities, and other investment property

60. Pursuant to separate priority agreements between RBC and each of Cantrex and Wells Fargo, the security of Cantrex and Wells Fargo, respectively, has priority over RBC's security for inventory for which Cantrex and Wells Fargo, respectively, financed the acquisition of. However, upon the amount due for a specific inventory item having been paid in full, RBC's security has priority over the security of Cantrex or Wells Fargo, as applicable. RBC has priority over any inventory that was no financed by either Cantrex or Wells Fargo.

61. The Receiver has not been provided with a priority agreement between Wells Fargo and Cantrex in respect of Capital Iron. The Receiver understands Wells Fargo claims a priority security interest over inventory that it financed the acquisition of pursuant to its PMSI and notices provided thereunder.
62. Therefore, the priority between Cantrex, Wells Fargo, and RBC in respect of Capital Iron's inventory can be summarized as follows:
- (a) for inventory financed by Cantrex, Cantrex has priority over RBC and Wells Fargo until a specific inventory item is paid for and then RBC has priority over Cantrex and Wells Fargo;
 - (b) for inventory financed by Wells Fargo, Wells Fargo has priority over RBC and Cantrex until a specific inventory item is paid for and then RBC has priority over Cantrex and Wells Fargo;
 - (c) for inventory that was not financed by either Wells Fargo or Cantrex, RBC has priority over Cantrex and Wells Fargo.

Westcoast - Priorities

63. The relevant PPR registrations in respect of Westcoast are as follows:

Secured Party	PPR Registration #	Registration Date	Collateral Description
Royal Bank of Canada	290839I	November 17, 2014	All present and after-acquired personal property (amended Feb. 19, 2026)
Business Development Bank of Canada	595697J	October 13, 2016	All present and after-acquired personal property
Wells Fargo Capital Finance Corporation Canada	851621J	March 1, 2017	All of the debtor's present and after-acquired personal property

Cantrex Nationwide Group Inc.	670895K	April 5, 2018	All inventory, equipment, accounts, and general property of the debtor
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64. RBC and Cantrex entered into a priority agreement in respect of Westcoast with materially same terms as their priority agreement in respect of Capital iron. For Westcoast's inventory which Cantrex financed the acquisition of, Cantrex has priority over RBC's security for inventory for which Cantrex financed the acquisition of. However, upon the amount due for a specific inventory item having been paid in full, RBC's security has priority over the security of Cantrex.
65. RBC and Wells Fargo entered into a priority agreement in respect of Westcoast on different terms than their priority agreement in respect of Capital Iron. Pursuant to their priority agreement regarding Westcoast, Wells Fargo has priority for specific brands ("**Brand Specific Goods**") as listed in Sch. A to the Priority Agreement. RBC has priority over Wells Fargo for all other personal property of Westcoast. Unlike the Capital Iron priority agreement, there is no flip or reverse of priority upon payment in full for any specific inventory item.
66. Cantrex and Wells Fargo each have priority security interests over BDC pursuant to their PMSIs and notices provided to BDC thereunder.
67. The Receiver has not been provided with a priority agreement between Wells Fargo and Cantrex in respect of Westcoast. The Receiver understands Cantrex claims a priority security interest over inventory that it financed the acquisition of pursuant to its PMSI and notices provided thereunder.
68. Therefore, the priority between Cantrex, Wells Fargo, and RBC in respect of Westcoast's inventory can be summarized as follows

- (a) for inventory financed by Cantrex, Cantrex has priority over RBC and Wells Fargo until a specific inventory item is paid for and then RBC has priority over Cantrex and Wells Fargo;
 - (b) for the Brand Specific Goods, Wells Fargo has priority over RBC and Cantrex;
 - (c) for inventory that was not financed by either Wells Fargo or Cantrex, RBC and then BDC have priority over Cantrex and Wells Fargo.
69. Attached as **Appendix "A"** is a list of the brands over which Cantrex and Wells Fargo claim respective priority.

VII. REALIZATION OF ASSETS

70. The Receiver is currently paying occupation rent for the Companies Premises. The Capital Iron Premises, in particular, has a significant occupation cost and the Receiver believes it is prudent to vacate the Capital Iron Premises as soon as possible to minimize occupation costs.
71. Subject to further discussions with Cantrex and Wells Fargo, the Receiver understands that they wish to remove the majority of their collateralized inventory from the premises for realization through other channels. The Receiver is prepared to release inventory subject to priority PMSIs in favour of Cantrex and Wells Fargo, subject to Cantrex and Wells Fargo agreeing to provide a full accounting of the net sales proceeds on a per unit basis. Moreover, to ensure occupational rent and other costs are minimized, the Receiver requires certainty from Wells Fargo and Cantrex as to their timing to remove any inventory from the Companies Premises.
72. Able Auctions, a reputable auctioneer in the Greater Vancouver Area, has submitted a proposal to the Receiver for the liquidation of the Companies'

inventory over which RBC has a priority security interest (as well as any inventory subject to priority PMSIs in favour of Cantrex or Wells Fargo, with their consent). Able Auctions proposes to host an onsite auction at the Capital Iron Premises in March and April 2026. Such an auction process would expedite the liquidation inventory over which RBC has a priority security interest and ensure it is removed from the Capital Iron Premises in a timely manner. Able Auctions would also assist with the removal of all inventory from the Westcoast Premises by the end of March 2026. Able Auctions has agreed to charge a flat 10% commission on all items sold through an auction

73. The Receiver intends to seek Court approval of a liquidation agreement with Able Auctions at later date following completion of the inventory count process and determination of whether any inventory subject to PMSIs in favour of Cantrex or Wells Fargo will be included in such auction. At this time, Able Auctions will commence preparation for such auction, including removing certain inventory units from the Westcoast Premises and preparing for an auction at a later date at the Capital Iron Premises.

Customer Deposits

74. The Receiver notes the aforementioned partially paid or fully paid customer orders to be a concern as it is likely that some of these customer deposits pertain to the inventory subject to the Cantrex or Wells Fargo PMSIs or RBC's GSAs.
75. Some customers have contacted the Receiver to inquire as to the status of their orders and requested for release of their paid goods. At this time, the Receiver does not believe a process to release partially paid or fully paid items to customers to be a reasonable or practical approach due to the following reasons:

- a) the Receiver currently does not have any visibility on the full list of customer orders, whether partially paid, fully paid, or unpaid and whether these items may be located at the Companies Premises;
 - b) it is unknown if multiple customers could have a claim for the same item;
 - c) the number of customers who have initiated a chargeback via their credit card companies is unknown and there is risk of these customers making a claim to have their goods released while already in receipt of a full refund via their credit card;
 - d) even if the Receiver had visibility on the full list of customer orders, with over 500 customer orders, it may take months for customers to arrange for the pickup of their items, most of which are large in size and will take considerable time to rearrange from other inventory items for preparation of pick up; and
 - e) it is not financially practical to remain on site for months due to ongoing occupation rent in the amount of approximately \$5,000 per diem incurred for the premises.
76. Part 9 of the SGA establishes the right of a buyer to a buyer's lien where they have paid all or part of the purchase price for unascertained or future goods that the buyer is acquiring in good faith for use primarily for personal, family or household purposes.
77. The buyer's lien is for the amount the buyer paid towards the purchase price and is against all goods: (i) that are in or come into the possession of the seller and are held by the seller for sale,; (ii) that correspond with the description of or with any sample of the goods under the agreement to sell; and (iii) the property in which has not passed to a different buyer under a different contract of sale

78. Based on a preliminary review of the information provided by customers to date, at least some customer deposits appear on their face to satisfy the conditions for a buyer's lien under the SGA. It is unknown at this stage whether any such buyer's liens would attach to goods which are currently in the inventory at the Companies Premises – in other words, whether there are matching items in the inventory “that correspond with the description of or with any sample of the goods” in the customer's invoice.
79. In light of the foregoing, the Receiver proposes that the most efficient resolution of potential buyer's lien claims is to seek the Court's approval of establishing a holdback fund (the “**Holdback Fund**”) to be held by the Receiver to be distributed to potential buyer's lien claims following a claims process to determine validity and quantum of any such claims. The Receiver intends to seek approval of the Holdback Fund and buyer's lien claims process in a subsequent application.
80. At this time, the quantum of the Holdback Fund cannot be accurately determined until the inventory counts at the Companies Premises have been completed and the Receiver has obtained access to the Companies' books and records from the Companies' IT system.
81. The liability of RBC, Wells Fargo and Cantrex for any buyer's lien claims would be limited to the amount of their respective contributions to the Holdback Fund. The Receiver proposes that their respective contributions to the Holdback Fund would be proportionate and be determined after completion of the inventory counts and further information obtained from the Companies' books and records.

VIII. RECEIVER'S BORROWINGS

82. Pursuant to paragraph 26 of the Receivership Order, the Receiver is authorized and empowered to borrow up to \$150,000.

83. To date, the Receiver has issued a Receiver's Certificate for borrowings in the amount of \$150,00 for payment of costs associated with occupation rent, utilities, insurance, and contractor fees.
84. A schedule of estimated costs of the receivership to May 2026 is outlined below:

	<i>(\$000's)</i>		
	Westcoast	Capital Iron	Total
Occupation Rent	32	370	402
Insurance	8	16	24
Utilities	5	15	20
Contractors	6	14	20
Security	3	7	10
Other Miscellaneous Costs	8	16	24
Total	62	438	500

85. The Receiver seeks this Court's approval for the borrowing powers of the Receiver to be increased to \$500,000 for payment of these upcoming costs.

IX. CONCLUSION AND RECOMMENDATIONS

Conclusion

86. The Principal has been uncooperative to date and has frustrated the receivership through miscommunications with vendors, customers, and employees prior to the pronouncement of the Receivership Order.
87. Moreover, the Principal's actions with respect to the transfer of the Companies funds to his immediate relative demonstrates a potential fraudulent conveyance and the Receiver intends to bring a separate application to Court to address this if the funds are not returned.

88. Without access to the Companies servers, the Receiver does not have the necessary information to pursue the collection of accounts receivable or supplier volume rebates. The Receiver requires the cooperation and compliance of Resilient IT for this exercise.
89. Occupation rent costs are approximately \$5,000 per day for the Westcoast Premises and Capital Iron Premises. This is a significant cost to the receivership. Efforts should be made to vacate these premises as soon as possible.

Recommendations

90. Based on the foregoing, the Receiver recommends the Court grant an order providing the following relief:
- a) to expand the Receiver's borrowing powers from \$150,000 to \$500,000;
 - b) to compel the compliance of Resilient IT under the Receivership Order;
and
 - c) approval of the Receiver's activities set out in this Report.

All of which is respectfully submitted this 11th day of March, 2026.

BDO CANADA LIMITED,

In its capacity as Receiver of
Westcoast Appliance Centre 2014 Ltd. and Capital Iron (2022) Ltd.
and not in its personal or corporate capacity.

Per:



BDO Canada Limited

Chris Bowra, CPA, CA, CIRP, LIT

Senior Vice President

APPENDIX A

LISTING OF BRANDS THAT CANTREX AND WELLS FARGO HOLD SECURITY
OVER

List of Brands by Creditor - Westcoast

Cantrex Nationwide Group Inc

A.G. International	Epic	Moffat
Alfresco	Faber	Monogram
Asko	Falmec	Panasonic
Beko	Fhiaba	Redman
Bertzzoni	Fire magic	Samsung
Best	Fulgor	Silhouette
Blomberg	Haier	Smeg
Bosch	Huebsch	Stirling
Broan	Ilve	Thermador
Café	LG	Venmar
Dacor	Marathon	Wolf Steel
Danby	MC Commercial	Zephr
Distinctive	Midea	Zucora

Wells Fargo Capital Finance Corporation Canada

Acros	Electrolux Icon	Jenn-Air
Affresh	Embarco	KitchenAid
Amana	Every Drop	Maytag
Bauknecht	Frigidaire	Multi-Flex
Brastemp	Frigidaire Professional	Swash
Consul	Galdiator	Whirlpool Canada
Diqua	Hotpoint	White Westinghouse
Electrolux Canada	Indesit	

List of Brands by Creditor - Capital Iron

Cantrex Nationwide Group Inc

Ameublement	Meubles Bdm	Tempur
Ashley Furniture	Palliser	Trica
Beko Canada	R.S.C. / Surya	Wolf Steel
C.R. Plastic Products	Sealy Canada	Zucora
Décor-Rest	SSH Bedding	

Wells Fargo Capital Finance Corporation Canada

Wells Fargo has specific security over the hot tubs listed below

Model #	Serial #
SPA, ENVOY A	KKN24D1241048
SPA, VANGUAR	VVN24D1241041
SPA, PULSE A	PLS24D1241027
SPA, FLAIR T	FLR24D1241018
SPA, FLASH I	FSH24D1241069
SPA, RHYTHM	RHY24D1241158
SPA, TX AWHI	TX24D1241042
SPA, MONTERE	FFP24D1241067
EP, E2000 58	EPE200024D1241001
COVER, 20FT	
COVER, 20FT	
SPA, JETSETT	JTN24D3241203
SPA, GRANDEE	GGN25D3251254
SPA, MINI TA	FFS25D3251389
SPA, AZURE S	FFS25D4251446