

S E 2 6 0 2 4 0

No. \_\_\_\_\_  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA



HARDY ISLAND INVESTMENTS LTD.

Petitioner

COASTAL CRAFT YACHTS LTD.  
1089362 B.C. LTD.

ROYAL BANK OF CANADA  
SONOMA CAPITAL CORP.

HIS MAJESTY THE KING IN RIGHT OF CANADA

Respondents

PETITION TO THE COURT

ON NOTICE TO:

Coastal Craft Yachts  
201 – 5710 Teredo Street, PO Box 1669,  
Sechelt, BC, V0N 3A0

1089362 B.C. Ltd.  
1028 Gibsons Way  
Gibsons, BC, V0N 1V7

Royal Bank of Canada  
36 York Mills Road, 4<sup>th</sup> Floor  
Toronto, ON, M2P 0A4

Sonoma Capital Corp.  
201 – 3007 14<sup>th</sup> St SW  
Calgary, AB, T2T 3V6

His Majesty the King in Right of Canada

The address of the registry is: 800 Smithe Street, Vancouver, BC V6Z 2E1

The petitioner estimates that the hearing of the petition will take 20 minutes.

This matter is an application for judicial review.

This matter is not an application for judicial review.

**This proceeding has been started by the petitioner for the relief set out in Part 1 below.**

If you intend to respond to this petition, you or your lawyer must

- (a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) serve on the petitioner
  - (i) 2 copies of the filed response to petition, and

- (ii) 2 copies of each filed affidavit on which you intend to rely at the hearing.

**Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.**

**TIME FOR RESPONSE TO PETITION**

A response to petition must be filed and served on the petitioner,

- (a) if you were served with the petition anywhere in Canada, within 21 days after that service,
- (b) if you were served with the petition anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the petition anywhere else, within 49 days after that service, or
- (d) if the time for response has been set by order of the court, within that time.

(1)	The ADDRESS FOR SERVICE of the petitioner is:  Farris LLP Barristers & Solicitors 2500 - 700 West Georgia Street Vancouver, British Columbia V7Y 1B3  Fax number address for service (if any) of the petitioner: None E-mail address for service (if any) of the petitioner: <a href="mailto:tlg@farris.com">tlg@farris.com</a> / <a href="mailto:slun@farris.com">slun@farris.com</a>
(2)	The name and office address of the petitioner's lawyer is:  Farris LLP Barristers & Solicitors 2500 - 700 West Georgia Street Vancouver, British Columbia V7Y 1B3  Attention: Tim Louman-Gardiner / Sandy Lun

**ENDORSEMENT ON ORIGINATING PLEADING OR PETITION  
FOR SERVICE OUTSIDE BRITISH COLUMBIA**

The Petitioner, claims the right to serve this pleading/petition on the Respondents, or any of them, outside British Columbia on the ground that the proceeding is brought to enforce, assert, declare, or determine proprietary or possessory rights or a security interest in property in British Columbia, pursuant to Rule 4-5(1) of the *Supreme Court Civil Rules*, BC Reg 168/2009 and section 10(a) of the *Court Jurisdiction and Proceedings Transfer Act*, SBC 2003, c 28.

## CLAIM OF THE PETITIONER

### Part 1: ORDERS SOUGHT

1. an order, substantially in the form set out in Schedule "A" hereto, appointing BCO Canada Ltd. as Receiver and Manager over the assets of Coastal Craft Yachts Ltd., without security, pursuant to section 39 of the *Law and Equity Act*, RSBC 1996, c 253 (the "**LEA**"), and section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**") or in such other form as this Honourable Court may order; and
2. an order that the Petitioner be granted its costs of and in connection with this proceeding on a solicitor-client basis, or, in the alternative, on a party and party basis with liberty to apply to seek costs on an increased scale on a further application.

### Part 2: FACTUAL BASIS

#### The Parties

1. The Petitioner is a company incorporated pursuant to the laws of British Columbia, having an address for delivery in this proceeding located at 2500 – 700 West Georgia Street, Vancouver, British Columbia.
2. The Respondent Coastal Craft Yachts Ltd. (the "**Debtor**") is incorporated pursuant to the laws of British Columbia with a registered and records office of 201 – 5710 Teredo Street, PO Box 1669, Sechelt, BC, V0N 3A0.
3. His Majesty the King in Right of Canada is named as a Respondent, as the Petitioner understands that the Debtor may be liable to Canada Revenue Agency ("**CRA**") in respect of statutory deemed trust amounts.
4. The other named Respondents are named as Respondents by virtue of their registered security interests in the BC Personal Property Registry.

#### Indebtedness Owing to the Petitioner

5. The principal of the Petitioner, Mark Shuparski, is a former business partner of the principal of the Debtor, Jeff Rhodes.

6. The Debtor is indebted to the Petitioner in the principal amount of \$1,000,000, plus accruing interest. The amounts owing from the Debtor to the Petitioner are secured by a general security agreement registered in the Personal Property Registry on November 2, 2023.
7. The Debtor made interest payments on the amounts owing to the Petitioner through October, 2025 and has not made any payments since.
8. The Petitioner demanded repayment of the amounts owing on January 6, 2026. The amounts were not repaid, and the Debtor consented to an earlier enforcement by the Petitioner of its security.
9. The Petitioner's security is registered after a registration in favour of Royal Bank of Canada ("**RBC**"). The amount owing, or whether anything is owing at all, to RBC is unknown to the Petitioner at this time. The Petitioner intends to seek charges in favour of the receiver without notice to RBC and the other secured creditors of the Petitioner on an interim basis subordinate to the interests of those secured creditors, and reserves the right to seek priority of the charges ahead of the interests of other secured creditors at a future date, on notice to any affected creditors.

#### The Debtor's Business

10. The information in this section is to the best of the Petitioner's knowledge, and is based on the Petitioner's understanding of the business and statements from Mr. Rhodes.
11. The Debtor was in the business of building custom yachts. Customers would order yachts to be constructed to specifications provided, and would pay periodically as work was completed, paying the final balance in full.
12. The Debtor was an industry leader in a niche field. Accordingly, it has intellectual property, drawings, and other associated goodwill that may be of value.
13. The business involved:
  - (a) Two leasehold premises;
  - (b) Leased equipment; and

- (c) Owned equipment.
14. The Debtor shut down operations in December, 2025 and terminated its staff. At the time of termination, there were four yachts, in various stages of completion, remaining at the leased premises:
- (a) Two have been removed by their customers;
  - (b) One remains at one leasehold location; and
  - (c) Construction had not commenced on the fourth, such that it is only scrap metal at this point.
15. With respect to the leases, one lease has been terminated, with the customer whose yacht was on the premises entering into a new lease. That customer is making arrangements to complete that yacht.
16. To the Petitioner's knowledge, the Debtor and the second landlord have made arrangements to terminate the second lease on March 1.
17. Accordingly, the only remaining assets are:
- (a) Equipment, both owned and leased; and
  - (b) Goodwill, including intellectual property and drawings.

Need for Receivership Order

18. The urgency with respect to a receivership order is that the Debtor's business is on leased premises, and, to the knowledge of the Petitioner, there are no funds to pay rent, with the equipment remaining on the premises. Accordingly, the unfinished yachts and the Debtor's equipment is at risk of landlord action, and to preserve the equipment arrangements will need to be made with the landlords.
19. Any value lies in the equipment and in the intellectual property and goodwill. While a bailiff can seize the equipment, there will still need to be arrangements for occupational rent, and a bailiff cannot readily monetize goodwill.

20. Accordingly, the Petitioner seeks the appointment of a receiver to preserve the status quo and protect the Debtor's assets while the Petitioner can liquidate owned equipment in an orderly manner, and see if there is a viable path forward to realize on goodwill and intellectual property.

Consent of Licensed Trustee

21. BDO Canada Limited, a trustee within the meaning of section 2 of the *BIA*, is qualified to act as receiver and manager of the Lands and Personal Property and has consented and agreed to act as such and is acceptable to the Petitioner.

**Part 3: LEGAL BASIS**

1. The Petitioner relies on:
  - (a) Rules 1-3, 2-1, 10-2, 13-5, 14-1, 16-1, and 21-7 of the *Supreme Court Civil Rules*, BC Reg 168/2009 (the "**SCR**");
  - (b) section 39 of the *LEA*;
  - (c) section 243 of the *BIA*;
  - (d) section 66 of the *Personal Property Security Act*, RSBC 1996, c 359; and
  - (e) such other legal basis as counsel may advise.
2. Section 39 of the *LEA* provides that the Court may appoint a receiver where it is just or convenient to do so.
3. Rule 10-2 of the *SCR* provides that the court may appoint a receiver in any proceeding either unconditionally or on terms.
4. The Petitioner applies for an order appointing BDO Canada Limited as the receiver of the Lands and Personal Property.
5. The Petitioner is a secured creditor, pursuant to the *GSA*.
6. There is no doubt in this proceeding that there has been a default and that the Petitioner is entitled, under the terms of its Security, to appoint a receiver.

**It is Just and Convenient that a Receiver be Appointed**

7. Under the test for the appointment of a receiver, the court is required to review the matter holistically and decide whether, on the whole of the circumstances, it is just and convenient to appoint a receiver.

*Maple Trade Finance Inc. v CY Oriental Holdings Ltd.*, 2009 BCSC 1527 ("**Maple Trade**") at para 25.

8. There are a number of factors the court may consider in exercising its discretion to appoint a receiver, including:

- (a) whether irreparable harm might be caused if no order were made, although it is not essential for a creditor to establish irreparable harm if a receiver is not appointed;
- (b) the risk to the security holder taking into consideration the size of the debtor's equity in the assets and the need for protection or safeguarding of the assets while litigation takes place;
- (c) the nature of the property;
- (d) the apprehended or actual waste of the debtor's assets;
- (e) the preservation and protection of the property pending judicial resolution;
- (f) the balance of convenience to the parties;
- (g) the fact that the creditor has the right to appoint a receiver under the documentation provided for the loan;
- (h) the enforcement of rights under a security instrument where the security holder encounters or expects to encounter difficulty with the debtor and others;
- (i) the principle that the appointment of a receiver is extraordinary relief which should be granted cautiously and sparingly;
- (j) the consideration of whether a court appointment is necessary to enable the receiver to carry out its duties more efficiently;

- (k) the effect of the order upon the parties;
- (l) the conduct of the parties;
- (m) the length of time that a receiver may be in place;
- (n) the cost to the parties;
- (o) the likelihood of maximizing return to the parties; and
- (p) the goal of facilitating the duties of the receiver.

*Maple Trade* at para 25, see also *Bank of Montreal v Gian's Business Centre Inc.*, 2016 BCSC 2348 at paras 23-24.

9. Furthermore, in considering whether an appointment of a receiver is “just or convenient,” the Court in *Bank of Montreal v. Haro-Thurlow Street Project Limited Partnership* (“**Haro-Thurlow**”) considered the debtor's equity of redemption, and whether that receiver will be granted the power of sale and when. The consideration of *any* equity of redemption comes within the *Maple Trade* factors.

*Haro-Thurlow*, 2024 BCSC 47 at para 101

10. In this case, there is no prospect of redemption and the Debtor has consented to the earlier enforcement of its security.
11. Likewise, the appointment of a receiver is necessary to preserve the status quo and any enterprise value. The appointment of a receiver will allow a court-appointed officer to stabilize operations, take possession of any property and preserve goodwill and any intellectual property. In the absence of the appointment of a receiver, there may be a race between creditors to seize assets, and the equipment is at risk of landlord action.
12. Accordingly, the appointment of a receiver is in the interest of all stakeholders, by ensuring that equipment and premises are protected to maintain and preserve enterprise value while the Petitioner works to see if there is a viable plan.
13. It is appropriate and necessary to grant a priority charge to secure payment of the Receiver's fees. On an interim basis the Petitioner is not seeking that the charge extend

over the interests of other secured creditors, but reserves the right to do so at a future date.

*Edmonton (City) v. Alvarez & Marsal Canada Inc.*, 2019 ABCA 109 at paras 14-19

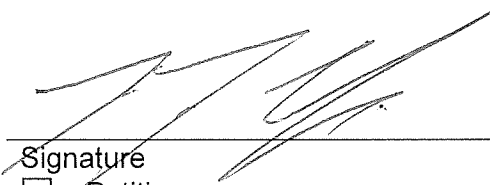
- 14. Finally, the Petitioner should be entitled to costs on a solicitor-client basis. It is provided for in the Petitioner's security, and the Petitioner is taking on significant risk which may ultimately benefit all other stakeholders.

*Blueshore Financial v 1134038 B.C. Ltd.*, 2023 BCSC 2304

**Part 4: MATERIAL TO BE RELIED ON**

- 1. Affidavit #1 of Mark Shuparski, affirmed January 13, 2026.
- 2. The pleadings filed herein.

Dated: January 13, 2026




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Signature

Petitioner

Lawyer for the Petitioner

**Tim Louman-Gardiner**

**To be completed by the court only:**

Order made

in the terms requested in paragraphs of Part 1 of this notice of application

with the following variations and additional terms:

Date: \_\_\_\_\_

Signature of

Judge  Associate Judge