

**Report of the Receiver of
Massage Heights of Canada (MHC) Ltd.**

Dated February 7, 2024

Prepared by

Hudson & Company Insolvency Trustees Inc.

Hudson & Company Insolvency Trustees Inc.
200, 625 – 11th Avenue SW
Calgary, AB T2R 0E1

Phone: 403-265-4357

Email: sduchene@hudsoninc.ca

TABLE OF CONTENTS

Introduction and Background.....	3
Introduction	3
Background	3
The Receiver’s Activities	3
Fees and Disbursements of the Receiver.....	3
Final Statement of Receipts and Disbursements	4

Appendices

- Appendix A Notice of Appointment of Receiver
- Appendix B Receiver’s Final Statement of Receipts and Disbursements for the period from April 7, 2019, to February 7, 2024

Introduction and Background

Introduction

1. Pursuant to a General Security Agreement granted by Massage Heights of Canada (MHC) Ltd. (“**Massage Heights**”) to Shield Investments Inc. (“**Shield**”), Hudson & Company Insolvency Trustees Inc. (“**Hudson**”) was appointed as Receiver of the property of Massage Heights (the “**Receiver**”) on April 7, 2019. A copy of the Notice of Appointment of the Receiver is attached as **Appendix “A”** to this report.

Background

2. Massage Heights operated as a massage studio with several locations, and filed a notice of intention to make a proposal to its creditors on June 29, 2017, and later filing a proposal on December 22, 2017, with the intention of filing an amended proposal within 30 days of finalizing lease terms with its various landlords. We advise negotiations ultimately failed, and Massage Heights filed an assignment in bankruptcy on April 30, 2019.
3. Prior to its assignment, Massage Heights granted a General Security Agreement in favour of Shield which was registered at the Personal Property Security Registry for the Province of Alberta on May 11, 2016, which security assigns all present and after acquired property of Massage Heights to Shield.
4. Massage Heights acknowledged that it was in default pursuant to a demand for payment from Shield, and Massage Heights consented to the early enforcement of their security on April 5, 2019, with the Receiver being appointed on April 7, 2019.
5. This report constitutes the first and final report of the Receiver (the “**Report**”).

The Receiver’s Activities

6. The Receiver retained Bishop & McKenzie LLP as legal counsel.
7. We confirm there were no recoveries from the assets of Massage Heights, and that Shield had guaranteed the Receiver’s fees and disbursements (in addition to its fees as Licensed Insolvency Trustee in the proposal and bankruptcy administrations).

Fees and Disbursements of the Receiver

8. Professional fees and disbursements charged by the Receiver in relation to the administration of the receivership total \$22,971.65 (excluding GST), however the Receiver has provided a courtesy

discount of \$2,160.93 (excluding GST) with fees totalling \$20,810.72 (excluding GST). These amounts are summarized in the Receiver's Final Statement of Receipts and Disbursements ("SRD"), which is attached to this Report as **Appendix "B"**.

9. In the Receiver's opinion, the services rendered in respect of these fees and disbursements have been duly rendered in response to the required and necessary duties of the Receiver hereunder, and are reasonable in the circumstances. Detailed time records supporting the invoices are available in the Receiver's office.

Final Statement of Receipts and Disbursements

10. The actual receipts and disbursements of the Receiver up to and including February 7, 2024, are summarized in the Receiver's SRD as shown in Appendix B.
11. The estimated remaining unpaid disbursements included in the Receiver's Final SRD is as follows:
 - a. \$21,851.26 (including GST) for the Receiver's fees and costs for the period ending February 7, 2024, including estimated remaining Receiver's fees to obtain discharge; and
 - b. \$410.37 to repay the Licensed Insolvency Trustee for disbursements paid out of pocket in the bankruptcy administration.
12. There are no further collections or receipts and/or disbursements expected by the Receiver.

Hudson & Company Insolvency Trustees Inc.

In its capacity as Receiver of Massage Heights of Canada (MHC) Ltd.
and not in its personal capacity



Stefan DuChene
President

NOTICE OF APPOINTMENT

APPENDIX "A"

TO: HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

Shield Investments Inc. (the "Lender"), the holder of a general security agreement dated September 9th, 2015, (the "GSA") granted by Massage Heights of Canada (MHC) Ltd. (the "Corporation") to the Lender, hereby appoints Hudson & Company Insolvency Trustees Inc. as Receiver of all the personal property and undertaking of the Corporation pursuant to the terms of the GSA, with the power to take possession of all the personal property and undertaking of the Corporation secured thereby, and to take all necessary action to collect, realize, sell or otherwise deal with the security constituted by the GSA, or any part thereof, in such manner, upon such terms and conditions and at such time or times as may seem to Hudson & Company Insolvency Trustees Inc. to be advisable, subject always to the lawful direction of the Lender and the provisions of the GSA.

Hudson & Company Insolvency Trustees Inc. shall account to the Lender as to its collection, realization, sale or obtaining of payment of the security constituted by the GSA, or any part thereof, and all monies collected or received by Hudson & Company Insolvency Trustees Inc. in respect thereof in excess of all necessary fees and disbursements shall be received by Hudson & Company Insolvency Trustees Inc. as trustee for the Lender and shall be forthwith paid over to the Lender.

And for so doing, this shall be your good and sufficient authority.

DATED at the City of Calgary, in the Province of Alberta, this 7th day of April, 2019.

Shield Investments Inc.

per: _____


KEN CARTER

Hudson & Company Insolvency Trustees Inc. hereby consents to act as Receiver of Massage Heights of Canada (MHC) Ltd. in accordance with the terms and conditions above.

DATED at the City of Calgary in the Province of Alberta, this 7th day of April, 2019
HUDSON & COMPANY INSOLVENCY
TRUSTEES INC.

per: _____



APPENDIX "B"

**Massage Heights of Canada (MHC) Ltd. - In Receivership
Hudson & Company Insolvency Trustees Inc., Receiver
Final Statement of Receipts & Disbursements**

April 7, 2019 to February 7, 2024

RECEIPTS	<u>\$</u>
Funds received from guarantor	\$ 23,843.31
Interest	<u>1,275.67</u>
TOTAL RECEIPTS	<u>25,118.98</u>
 DISBURSEMENTS	
Receiver's fees - February 22, 2019 to close	22,971.65
Less: Courtesy Discount	(2,160.93)
GST on Receiver's fees	1,040.54
Legal Fees (incl. GST)	2,498.60
Funds transferred to bankruptcy for costs (Note 1)	410.37
Ascend software license fees	275.00
Filing fees to OSB	70.00
GST paid on disbursements exclusive of fees	<u>13.75</u>
TOTAL DISBURSEMENTS	<u>25,118.98</u>
 BALANCE IN TRUST	 <u>\$ -</u>

NOTES

Note 1 - Funds have been paid to the bankruptcy estate regarding expenses incurred for advertising the first meeting of creditors, and filing fees paid to the OSB and Court.