

2011

Hfx No. 348504

SUPREME COURT OF NOVA SCOTIA

BETWEEN:

THE TORONTO-DOMINION BANK

Applicant

and

KARLSEN SHIPPING COMPANY LIMITED

Respondent

FIRST REPORT OF RECEIVER

PRICEWATERHOUSECOOPERS INC.

August 4, 2011

1. APPOINTMENT

- 1.1 PricewaterhouseCoopers Inc. (the "Receiver") was appointed as Receiver of all of the property, assets and undertaking of Karlsen Shipping Company Limited (the "Company") by Order of this Honourable Court dated May 17, 2011 (the "Receivership Order").
- 1.2 The appointment of the Receiver was made pursuant to s. 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as am., and s. 43(9) of the *Judicature Act*, R.S.N.S. 1989, c. 240.

2. PURPOSE OF THIS REPORT

- 2.1 The purpose of this Report is to provide information to assist this Honourable Court in considering the Receiver's application for approval of the sale of the yacht "Polar Sun" to Monty Mosher. As the gross proceeds of the proposed sale exceed \$100,000.00, the Receiver is seeking the approval of this Honourable Court pursuant to s.3.(j)(ii) of the Receivership Order.

3. BACKGROUND

- 3.1 The assets of the Company as of the date of the appointment of the Receiver included the yacht "Polar Sun".
- 3.2 The Polar Sun is a Beneteau 423 Masthead Auxiliary Sloop, which was built in 2004. Its hull number is US-BEYN3052F304. The Polar Sun was in storage out of the water at South Shore Marine, Marriott's Cove, Nova Scotia at the time of the Receiver's appointment, and this remains the case.
- 3.3 On June 24, 2011, the Receiver commissioned Sunnybrook Yachts of Halifax, Nova Scotia to conduct an appraisal of the Polar Sun.
- 3.4 The appraisal was received by the Receiver on June 29, 2011, and a copy is attached as Schedule "A". The appraisal suggested an asking price of \$176,000.00, with a proposed selling price of \$160,160.00.
- 3.5 On July 12, 2011, the Receiver signed a listing agreement with Sunnybrook Yachts as regards the Polar Sun. The list price was \$176,000.00.
- 3.6 On July 19, 2011, the Receiver received an offer to purchase the Polar Sun for \$100,000.00. The Receiver countered at \$160,000.00, but the potential purchaser did not increase their offer.

- 3.7 On July 27, 2011, the Receiver received an offer to purchase the Polar Sun for \$118,300.00. The Receiver countered at \$160,000.00 and the potential purchaser increased their offer to \$129,000.00. The Receiver countered at \$145,000.00 and the potential purchaser increased their offer verbally to \$132,000.00, but no further.
- 3.8 On August 3, 2011 the Receiver received an offer from Monty Mosher to purchase the Polar Sun for \$140,000.00 plus HST. The Receiver countered at \$160,000.00, but Mr. Mosher was not prepared to increase his offer.

4. PROPOSED SALE

- 4.1 The Receiver has concluded that the offer from Mr. Mosher (\$140,000.00 plus HST) should be accepted and is favourable to the general body of creditors. The Receiver has taken into consideration various factors, including the other (lower) offers received during the listing period, and the limited time remaining in the sailing season.
- 4.2 On August 3, 2011, the Receiver accepted the offer from Mr. Mosher - subject to the approval of this Honourable Court. A copy of the Purchase Agreement is attached as Schedule "B". The sale price is \$140,000.00, plus HST, and the specified closing date is August 11, 2011.


5. RECOMMENDATION

- 5.1 The Receiver respectfully recommends the approval of the sale of the Polar Sun to Mr. Mosher for \$140,000.00, plus HST.

DATED at Halifax, Nova Scotia, this 4th day of August, 2011.

PricewaterhouseCoopers Inc.

In its capacity as Court Appointed Receiver
of Karlsen Shipping Company Limited

Per: 
Ericka Clarke Scott, CIRP
Manager