



No. S-236214
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

1392752 B.C. LTD.

AND:

PETITIONER

SKEENA SAWMILLS LTD.
SKEENA BIOENERGY LTD. and
ROC HOLDINGS LTD.

RESPONDENT

APPLICATION RESPONSE

Application response of: Attorney General of Canada (the "AGC")

THIS IS A RESPONSE TO paragraph 1 of Part 1 of the notice of application of Alvarez & Marsal Canada Inc. ("A&M"), in its capacity as court-appointed receiver and manager (in such capacity, the "Receiver") filed February 29, 2024.

The AGC estimates the application will take multiple days.

This matter is not within the jurisdiction of an associate judge.

Part 1: ORDERS CONSENTED TO

Nil.

Part 2: ORDERS OPPOSED

The AGC opposes the order sought in paragraph 1 of Part 1 of the notice of application.

Part 3: ORDERS ON WHICH NO POSITION IS TAKEN

Nil.

Part 4: FACTUAL BASIS

1. Skeena Bioenergy Ltd. owes His Majesty in right of Canada (the “Federal Crown”) \$13,749.25 in deemed trust debt for unremitted payroll source deductions and \$10,789.07 for non-deemed trust amounts.¹ It owes the Federal Crown \$35,672.77 in non-deemed trust GST/HST debt.²
2. Skeena Sawmills Ltd. owes the Federal Crown \$16,736.88 in deemed trust debt for unremitted payroll source deductions and \$9,400.78 for non-deemed trust amounts.³ It may owe up to an additional amount of \$73,694.30 in deemed trust debt on two payroll accounts, but a trust exam is required to confirm this amount.⁴
3. Skeena Sawmills Ltd. owes the Federal Crown GST debt comprising of \$2,602.04 in deemed trust debt and \$185,275.31 in non-deemed trust debt.⁵

Part 5: LEGAL BASIS

Reverse Vesting Order

1. The proposed reverse vesting order (“RVO”) is functionally a proposal under the *Bankruptcy and Insolvency Act* because it compromises the liabilities of the debtor.⁶ A proposal must be sought pursuant to the statutory framework provided by the *BIA* and is subject to the statutory requirements and restrictions of the *BIA*.⁷
2. There is no jurisdiction under the *BIA* or the *Law and Equity Act* to impose an RVO in this receivership.⁸
3. In any event, the RVO is inappropriate in the circumstances.

¹ Affidavit of Alan Mileta, an officer of the Canada Revenue Agency, forthcoming.

² *Ibid.*

³ *Ibid.*

⁴ *Ibid.*

⁵ *Ibid.*

⁶ *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (“*BIA*”) s 2.

⁷ *Ibid.*, ss 50-66.

⁸ *Law and Equity Act*, RSBC 1996, c 253.

Credit Bid

4. Any credit bid must account for any amounts that have priority over the Petitioner's claims.
5. Skeena Sawmills Ltd. owes \$2,602.04 in deemed trust GST debt for which the Federal Crown has priority over the Petitioner's claims pursuant to s 222(3) of the *Excise Tax Act* and paragraph 5(e) of the January 25, 2024 Order of Justice Blake in this proceeding.

Part 6: MATERIAL TO BE RELIED ON

1. The pleadings filed in this proceeding;
2. The affidavit of Alan Miletta, an officer of the Canada Revenue Agency, forthcoming;

and

3. Such materials as counsel may advise and this Honourable Court may permit.

The AGC has not filed in this proceeding a document that contains the application respondent's address for service.

The AGC's address for service in this proceeding is:

Department of Justice Canada
British Columbia Regional Office
900 – 840 Howe Street
Vancouver, BC V6Z 2S9

Attention: Aminollah Sabzevari

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Dated: March 18, 2024



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