

Action Nos. B200284
B200285
B200286
B200287
Vancouver Registry
Estate Nos. 11-2650763
11-2650762
112650761
11-2650764

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCIES OF
CONIAN DEVELOPMENTS INC.,
CONIAN DEVELOPMENTS (LA VODA) INC.
CONIAN DEVELOPMENTS (LA VODA II) INC. AND
FLII CONSTRUCTION LTD.

ORDER MADE AFTER APPLICATION

CLAIMS PROCESS ORDER

BEFORE THE HONOURABLE MASTER) ON ●DAY, THE ● DAY
(SITTING AS REGISTRAR IN) OF JANUARY, 2023.
BANKRUPTCY))
●)

ON THE APPLICATION of BDO Canada Ltd., in its capacity as trustee in bankruptcy (in such capacity, the “Trustee”) of Conian Developments Inc. (“Conian”), Conian Developments (La Voda) Inc. (“La Voda I”), Conian Developments (La Voda II) Inc. (“La Voda II”), and FLII Construction Ltd. (“FLII”), coming on for hearing at Vancouver, British Columbia on this day; AND ON HEARING William L. Roberts, counsel for the Trustee, and Katie Mak, counsel for the BCCE Trustee (as defined in this Order), and no one else appearing although served on those parties listed on Schedule “A” of the Notice of Application filed May [●], 2023; AND UPON READING the material filed, including the Second Report of the Trustee dated May [●], 2023;

THIS COURT ORDERS AND DECLARES THAT:

Definitions

1. For the purposes of this Order, the following terms shall have the following meanings:
 - (a) “Amounts Advanced” means the aggregate of all amounts whether in cash or otherwise advanced by or on behalf of a Direct Lender to any of the Joint Debtors to invest in the Loan Scheme;

- (b) “**Amounts Received**” means the aggregate of all amounts received by a Direct Lender, or paid to any third party on behalf of or for the benefit of the Direct Lender, in respect of amounts advanced by or on behalf of the Direct Lender to any of the Joint Debtors, whether received in cash or otherwise and without regard to whether any portion was characterized as interest, dividends, redemptions or profits;
- (c) “**BCCE**” means B.C. Currency Exchange Inc.;
- (d) “**BCCE Claim**” means the Proof of Claim to be filed by the BCCE Trustee for a total claim amount of \$15 million against the Consolidated Estate, being the approximate amount of funds that were advanced by BCCE to the Joint Debtors;
- (e) “**BCCE Claims Process**” means the procedures outlined in the Claims Process Order granted by the Court on February 22, 2022 in Court No. B200207, as amended by the Order granted by the Court on May 20, 2022;
- (f) “**BCCE Estate**” means the bankruptcy estate of BCCE;
- (g) “**BCCE Trustee**” means McEown & Associates Ltd., in its capacity as trustee in bankruptcy of BCCE;
- (h) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3;
- (i) “**Claim**” means any right or claim of any Person against any of the Debtors that would be a “claim provable in bankruptcy”, “provable claim” or “claim provable” as defined in section 2 of the BIA;
- (j) “**Claims Package**” means a document package, including:
 - (i) an Instruction Letter to a Known Creditor;
 - (ii) a copy of this Order, excluding Schedules;
 - (iii) a Proof of Claim; and
 - (iv) such other documents determined to be necessary or desirable by the Trustee;
- (k) “**Claims Process**” means the procedures outlined in this Order for determining Claims of Known Creditors and Unknown Creditors of the Debtors, and for managing Claims of Involuntary Lenders;
- (l) “**Claims Bar Date**” means 5:00 p.m. (Vancouver Time) on the day which is sixty (60) days from the day of publication of the Notice to Unknown Creditors in the Province Newspaper;
- (m) “**Consolidated Estate**” means the estates of Conian, La Voda I, and La Voda II, as substantively consolidated pursuant to the Order of this Court granted on the same date as the within Order;
- (n) “**Court**” means the Supreme Court of British Columbia;

- (o) “**Creditor**” means a Known Creditor and an Unknown Creditor;
- (p) “**Debtors**” means, collectively, Conian, La Voda I, La Voda II, or FLII;
- (q) “**Debtor Estates**” means the bankruptcy estates of the Debtors;
- (r) “**Direct Lender**” means any Person or assignee who participated in the Loan Scheme by advancing funds directly to one or more of the Joint Debtors;
- (s) “**Direct Lender Claim**” means a Claim of a Direct Lender;
- (t) “**FLII Estate**” means the bankruptcy estate of FLII;
- (u) “**Filed Claim**” means a Proof of Claim filed by a Known Creditor with the Trustee or the BCCE Trustee as of the date of pronouncement of this Order;
- (v) “**Instruction Letter to Known Creditor**” means the letter from the Trustee to a Known Creditor regarding the requirement for the completion of a Proof of Claim and the process for revision or disallowance of a Proof of Claim and process of appeal from such revision or disallowance, substantially in the form attached hereto as **Schedule “A”**;
- (w) “**Instructions to Unknown Creditors**” means the information provided by the Trustee to the Unknown Creditors to be posted on the Trustee's Website regarding completion of a Proof of Claim and the process for revision or disallowance of a Proof of Claim and process of appeal from such revision or disallowance, substantially in the form attached hereto as **Schedule “C”**;
- (x) “**Involuntary Lender**” means any Person or assignee who participated in the Loan Scheme by advancing funds to BCCE;
- (y) “**Involuntary Lender Claim**” means a Claim of an Involuntary Lender;
- (z) “**Joint Debtors**” means, collectively, Conian, La Voda I, and La Voda II;
- (aa) “**Known Creditor**” means a Direct Lender or an Ordinary Creditor who has submitted a Filed Claim or who is known by the Trustee or the BCCE Trustee as of the date of pronouncement of this Order and who receives a Claims Package from the Trustee;
- (bb) “**Lender**” means a Direct Lender or an Involuntary Lender;
- (cc) “**Loan Scheme**” means the Ponzi or Ponzi-like scheme facilitated by Rana Khaliq, whereby Direct Lenders advanced funds directly to one of the Joint Debtors, or alternatively, advanced funds to BCCE, all with the expectation that they would receive interest payments or other consideration on the principal amount advanced;
- (dd) “**Notice of Revision or Disallowance to Creditor**” means the notice substantially in the form attached hereto as **Schedule “E”**;

- (ee) “**Notice of Revision or Disallowance to Involuntary Lender**” means the notice substantially in the form attached hereto as **Schedule “F”**;
- (ff) “**Notice to Unknown Creditors**” means the notice substantially in the form attached hereto as **Schedule “B”**;
- (gg) “**Ordinary Creditor**” means any Person other than a Lender who has a Claim against any of the Debtors;
- (hh) “**Ordinary Creditor Claim**” means any Claim of any Person other than a Lender against any of the Debtors;
- (ii) “**Person**” means any individual, partnership, firm, joint venture, trust, entity, corporation, unincorporated organization, trade union, employee or other association, governmental agency, or similar entity, howsoever designated or constituted;
- (jj) “**Proof of Claim**” means the form to be completed and filed by Known Creditors and Unknown Creditors, setting forth their respective Claims, substantially in the form attached hereto as **Schedule “D”**;
- (kk) “**Proven Claim**” means a Claim that has been allowed by the Trustee pursuant to the terms of this Order;
- (ll) “**Schedules**” means, collectively, Schedules “A” to “F” as attached to this Order;
- (mm) “**Trustee’s Website**” means <https://www.bdo.ca/en-ca/extranets/conian/#home>;
- (nn) “**Unknown Creditor**” means a Direct Lender or an Ordinary Creditor whose Claim is unknown by the Trustee as of the date of pronouncement of this Order and who does not receive a Claims Package from the Trustee; and
- (oo) “**Website Materials**” means the information and documents, including:
 - (i) the Instructions to Unknown lenders;
 - (ii) a copy of this Order;
 - (iii) a Proof of Claim; and
 - (iv) such other documents determined to be necessary or desirable by the Trustee.

Approval of Claims Process

2. The Claims Process is hereby approved.

Process for Direct Lender Claims and Ordinary Creditor Claims

3. Notwithstanding any Filed Claims submitted to the Trustee as of the date of pronouncement of this Order, or the provisions of the BIA dealing with or relating to proofs of claim, the

Trustee is authorized to determine the Claims of Known Creditors by requiring each Known Creditor to file a Proof of Claim with the Trustee in this Claims Process.

4. The Trustee shall send a Claims Package to each Known Creditor by ordinary mail or by email to the address indicated in the records of the Trustee or any of the Debtors. The Claims Package shall be sent by the Trustee to the Known Creditors within 14 days of pronouncement of this Order.
5. The Trustee shall be and is hereby authorized and directed to place a notice substantially in the form of the Notice to Unknown Creditor in one weekday edition of the Province newspaper, inviting Unknown Creditors to file a Proof of Claim with the Trustee by the Claims Bar Date.
6. The Trustee shall post the Website Materials on the Trustee's Website.
7. The sending of the Claims Package to the Known Creditors, the publication of the Notice to Unknown Creditors and the posting of the Website Materials, in accordance with the foregoing terms of this Order, shall constitute good and sufficient service of such materials to any Direct Lender or Ordinary Creditor and to any other person who may be entitled to receive notice and no other notice or service need be given or made and no other document or material need be served.
8. All Creditors must submit a Proof of Claim with the Trustee, which must be received by the Trustee by no later than the Claims Bar Date.
9. A Proof of Claim must be delivered by a Creditor and received by the Trustee by email at conianbankruptcy@bdo.ca, by courier or personal delivery at 1100, 1055 West Georgia Street, Vancouver, BC V6E 3P3, Attention to: Martin Chan, or by fax at 604-688-5132.
10. Any Creditor who fails or neglects to properly submit a completed Proof of Claim with the Trustee by the Claims Bar Date, or at such later date as the Trustee may agree in writing, or this Court may otherwise order, shall be forever barred from making or enforcing its Claim against the Debtor Estates.
11. The Trustee is hereby authorized to use reasonable discretion as to the adequacy of the manner in which any Proof of Claim is delivered, completed and executed and may, where it is satisfied a Claim has been adequately proven, waive strict compliance with the requirements of this Order as to completion and execution of such a form.
12. The Trustee shall allow a Proof of Claim with respect to a Direct Lender Claim only for the amount by which the Amount Advanced by the Direct Lender exceeds the Amount Received by the Direct Lender.
13. In determining the Amount Received by a Direct Lender, in the absence of evidence to the contrary acceptable to the Trustee, the Trustee shall assume that interest was received by the Direct Lender in respect of their investment in the Loan Scheme, as evidenced in the records of BCCE or any of the Joint Debtors.
14. The Trustee shall treat multiple investments by Direct Lenders of the same household, residing at the same address, as one investment in the Loan Scheme for the purpose of

calculating the Amount Advanced in respect of the overall investment and the Amount Received in respect of that investment, unless the Trustee considers it inequitable to do so.

15. The Trustee upon receipt of a completed Proof of Claim shall, give notice in writing, by ordinary mail, registered mail, personal delivery, courier, email message or facsimile transmission, to the address provided in the Proof of Claim submitted by the Creditor, of the Trustee's decision to:
 - (a) allow the Proof of Claim as filed, in which case the amounts set out in that Proof of Claim shall be deemed to be the Proven Claim for that Creditor; or
 - (b) revise or disallow the Proof of Claim as filed, in whole or in part, by delivering to the Creditor a Notice of Revision or Disallowance to Creditor, in which case the amount, if any, of the Claim (as allowed by the Trustee) shall be deemed to be the Proven Claim for that Creditor.
16. If a Creditor receiving a Notice of Revision or Disallowance to Creditor wishes to object to the Notice of Revision or Disallowance, the Creditor must, within thirty (30) days of the date of delivery of the Notice of Revision Disallowance to Creditor, file at the Courthouse, 800 Smithe Street, Vancouver, British Columbia and serve on the Trustee and counsel for the Trustee, a Notice of Application or Notice of Motion seeking to set aside the Trustee's Notice of Revision or Disallowance and an affidavit containing all evidence intended to be relied upon by the Creditor in support thereof.
17. If the Notice of Application, or Notice of Motion is not filed within the time limits set out above in the immediately preceding paragraph of this Order, the Creditor who is appealing the Notice of Revision or Disallowance to Creditor will, in the case of a disallowance of its Claim, be forever barred from bringing the Claim, and in the case of a revision of its Claim, will be deemed to have accepted the trustee's revision of its Claim, which shall be a Proven Claim in the amount and of the nature determined by the Trustee.
18. A hearing to determine an appeal of the Notice of Revision or Disallowance to Creditor shall be conducted as a true appeal, and not as a hearing de novo.
19. The process to disallow the Proofs of Claim as filed and to appeal a Notice of Revision or Disallowance to Creditor shall be limited to the process as set out in this Order.

Process for Involuntary Lender Claims

20. For any Proof of Claim received by the Trustee that appears, in the Trustee's sole discretion, to be in respect of an Involuntary Lender Claim, the Trustee shall send the Proof of Claim to the BCCE Trustee and consult with the BCCE Trustee to determine whether the Proof of Claim discloses an Involuntary Lender Claim or a Direct Lender Claim.
21. If the Trustee determines in consultation with the BCCE Trustee that the Proof of Claim discloses a Direct Lender Claim, the Trustee shall follow the process set out in paragraphs 11 through 15 of this Order.
22. If the Trustee determines in consultation with the BCCE Trustee that the Proof of Claim discloses an Involuntary Lender Claim, and the Involuntary Lender has already submitted

a Proof of Claim in the BCCE Claims Process for all or part of the same claim, the Trustee shall:

- (a) Give notice in writing, by ordinary mail, registered mail, personal delivery, courier, email message or facsimile transmission, to the address provided in the Proof of Claim submitted by the Involuntary Lender of the Trustee's decision to revise or disallow the Proof of Claim as filed, in whole or in part, by delivering to the Involuntary Lender a Notice of Revision or Disallowance to Involuntary Lender; and
 - (b) Allow any amount of the Involuntary Lender Claim that is properly filed against the Joint Debtors.
23. If the Trustee determines in consultation with the BCCE Trustee that the Proof of Claim discloses an Involuntary Lender Claim, and the Involuntary Lender has not already submitted a Proof of Claim in the BCCE Claims Process for all or part of the same claim, the Trustee shall:
- (a) Send the Involuntary Lender's Proof of Claim to the BCCE Trustee for review and determination in accordance with the BCCE Claims Process; and
 - (b) Allow any amount of the Involuntary Lender Claim that is properly filed against the Joint Debtors.
24. An Involuntary Lender receiving a Notice of Revision or Disallowance to Involuntary Lender in accordance with paragraph 22 of this Order shall have no right to object to such Notice of Revision or Disallowance.
25. The BCCE Trustee shall file the BCCE Claim with the Trustee within 14 days after the Claims Bar Date, and the Trustee shall allow the BCCE Claim in full.

Distribution

26. Subject to further Order of this Court, the Trustee shall distribute:
- (a) all property of the Consolidated Estate to Creditors and the BCCE Trustee in accordance with the provisions of the BIA, with all Direct Lender Claims, Ordinary Creditor Claims against the Consolidated Estate, and the BCCE Claim ranking *pari passu*; and
 - (b) all property of the FLII Estate to Ordinary Creditors with Claims against the FLII Estate, with all such claims ranking *pari passu*.
27. The Trustee shall have the discretion to make interim and partial distributions in the manner provided for in the immediately preceding paragraph of this Order.

General Provisions

28. Any document or notice sent by the Trustee by ordinary mail shall be deemed to be received on the 10th day after the date of mailing.

- 29. Any Creditor who provides an email address, facsimile number or alternate address for delivery to the Trustee shall be deemed to consent to receiving materials at that email address, facsimile number or alternate address for delivery.
- 30. The Claims Process and the forms in the attached Schedules are hereby approved.
- 31. Notwithstanding the foregoing, the Trustee may, from time to time, make minor charges to the forms as the Trustee may consider necessary or desirable.
- 32. In the event that this Order is later amended by further Order of the Court, the Trustee may post such further Order on the Trustee's Website and such posting shall constitute adequate notice to Creditors of such amended Claims Process.
- 33. The Trustee may apply to this Court for advice and directions in relation to this Order or with respect to any matter relating to the Claims Process.
- 34. References in this Order to the singular shall include the plural and references to the plural shall include the singular and to any gender shall include the other gender.
- 35. Approval of this Order as to form by counsel appearing on this application, other than counsel for the Trustee and the BCCE Trustee, is hereby dispensed with.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

●
COUNSEL FOR THE ●

●
COUNSEL FOR THE ●

BY THE COURT

REGISTRAR IN BANKRUPTCY