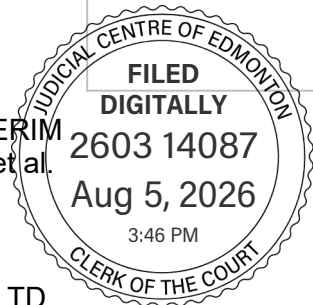


COURT FILE NUMBER	2603-14087
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE INTERIM RECEIVERSHIP OF ANS 1993 LTD. et al.
PLAINTIFF/APPLICANT	ROYAL BANK OF CANADA
DEFENDANTS/RESPONDENTS	ANS 1993 LTD., 1416452 ALBERTA LTD., 2242246 ALBERTA LTD., 2308213 ALBERTA LTD., 786 N AND S ENTERPRISES LTD., P & N DEVELOPMENT LTD., and RAZIA QARNI
RESPONDENTS	2595568 ALBERTA LTD. and 2595574 ALBERTA LTD.
DOCUMENT	BRIEF OF LAW OF THE APPLICANT IN SUPPORT OF THE APPLICATION TO CONVERT THE INTERIM RECEIVERSHIP TO A FULL RECEIVERSHIP
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MLT AIKINS LLP 2100, 222 - 3 rd Ave SW Calgary, AB T2P 0B4 Phone: 403.693.4347/5441 Fax: 403.508.4349 Attention: Catrina J. Webster/Jaye Sutherland File: 0001480.00463

Clerk's Stamp



**Hearing via Webex before the Honourable Justice M.E. Burns
on the Commercial List, on August 12, 2026, commencing at 2:00PM**

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I. INTRODUCTION

1. This Brief is submitted on behalf of Royal Bank of Canada ("**RBC**") in support of its application (the "**Application**") seeking the following relief:
 - (a) abridging the time for, and validating service of, the Application on the parties set out in the Service List attached to the Application as Schedule "A" and the materials filed in support of this Application, if necessary, and dispensing with service on any party not served;
 - (b) amending the style of cause to add 2595568 Alberta Ltd. ("**568 Alberta**") and 2595574 Alberta Ltd. ("**574 Alberta**", collectively with 568 Alberta, the "**Related Parties**") as defendants/respondents of the within Action;
 - (c) appointing AlixPartners Restructuring, Inc. ("**AlixPartners**") as Receiver and Manager (the "**Receiver**"), over all of the property, assets, and undertakings (collectively, the "**Property**") of ANS 1993 Ltd. ("**ANS 1993**"), 1416452 Alberta Ltd. ("**141 Alberta**"), 2242246 Alberta Ltd. ("**224 Alberta**"), 2308213 Alberta Ltd. ("**230 Alberta**"), 786 N and S Enterprises Ltd. ("**786 Enterprises**"), and P & N Development Ltd. ("**P & N Development**", collectively with ANS 1993, 141 Alberta, 224 Alberta, 230 Alberta, 786 Enterprises, the "**Interim Receivership Parties**"), and the Related Parties (collectively, with the Interim Receivership Parties, the "**Debtors**");
 - (d) granting RBC costs of the Application on a solicitor and own client (full-indemnity) basis or such further or other basis as this Honourable Court deems appropriate ; and
 - (e) such other and further relief as the circumstances may require and as this Honourable Court shall deem just and appropriate.¹
2. The corporate Defendants/Respondents, the Interim Receivership Parties, are a related group of companies that operate child care and early learning centres (collectively, the

¹ Capitalized terms used herein but not otherwise defined have the meanings ascribed thereto in the Interim Receiver's First Report, dated August 4, 2026 (the "**Interim Receiver's First Report**").

“Child Care Facilities”) in and around Edmonton, Alberta from two owned commercial condominium properties and other leased premises.²

3. The individual Defendant/Respondent, Razia Qarni (**“Ms. Qarni”** or the **“Individual Guarantor”**), is the sole director and beneficial shareholder of each of the Interim Receivership Parties, and has personally guaranteed the loan agreements between RBC and the Interim Receivership Parties.³
4. Ms. Qarni is also the sole director of the Related Parties.⁴ To the best of RBC’s knowledge, Ms. Qarni is also the beneficial shareholder of the Related Parties.
5. RBC extended credit facilities (collectively, the **“Credit Facilities”**) and related services to the Interim Receivership Parties pursuant to the Loan Agreements (as defined below).
6. The Interim Receivership Parties have consented to a Receivership Order in accordance with the Forbearance Agreement (as defined below).
7. The terms of the Security also include the right to appoint or apply to this Honourable Court to appoint a Receiver and Manager.⁵
8. On July 2, 2026, pursuant to the Order of the Honourable Justice M.J. Lema (the **“Interim Receivership Order”**), AlixPartners was appointed interim receiver (in such capacity, the **“Interim Receiver”**) of the Defendants/Respondents, the Interim Receivership Parties. Pursuant to the terms of the Interim Receivership Order, among other things, Ms. Qarni was permitted (and required) to continue operating the Child Care Facilities (as defined below).
9. The Interim Receivership Order was intended to be temporary and, unless renewed by the Court, will expire on September 30, 2026.⁶

² Interim Receiver’s First Report dated August 4, 2026 (the **“Interim Receiver’s First Report”**) at s. 2.1, paras 1-2; Affidavit of Michael Wells sworn on behalf of Royal Bank of Canada, sworn on June 23, 2026 and filed June 24, 2026 (the **“RBC Affidavit”**) at paras 10-11.

³ Interim Receiver’s First Report at s. 2.1, para 1 and organizational chart; RBC Affidavit at paras 12-13.

⁴ Interim Receiver’s Report at Appendices “A” and “B”.

⁵ RBC Affidavit at Para 64 and Exhibits O-U.

⁶ Interim Receiver’s First Report at s. 5.0, paras 1-2.

10. For the reasons set out in further detail below, the Interim Receiver is of the view that:
- (a) the continued operation of the Child Care Facilities through a sales process is no longer commercially viable;⁷ and
 - (b) the Related Parties have both, either directly or indirectly, benefitted from funds made available to certain of the Interim Receivership Parties without the knowledge or consent of RBC.⁸
11. AlixPartners is qualified, prepared, and has consented to act as Receiver.
12. RBC respectfully submits that, in the circumstances, it is just and convenient to appoint AlixPartners as Receiver and Manager over all of the Debtors' Property and for the Related Parties to become parties to the receivership proceedings in the within Action.

II. FACTUAL BACKGROUND

13. The facts relevant to this Application are set out in detail in the Affidavit of Michael Wells, sworn on June 23, 2026 and filed June 24, 2026 (the "**RBC Affidavit**") and the Interim Receiver's First Report dated August 4, 2026 (the "**Interim Receiver's First Report**").

B. The Loan Agreements

14. Between September 19, 2023 and July 9, 2025, RBC and the Borrowers entered into the following loan agreements:
- (a) 141 Alberta:
 - (i) an RBC Credit Agreement dated August 6, 2024, executed August 8, 2024;
 - (ii) an RBC Credit Card Agreement executed August 8, 2024; and
 - (iii) an RBC Credit Agreement dated September 5, 2024, executed September 9, 2024;

⁷ Interim Receiver's First Report at s. 5.0, para 6.

⁸ Interim Receiver's First Report at s. 5.0, para 9.

- (b) 224 Alberta:
 - (i) an RBC Credit Agreement dated August 6, 2024, executed August 8, 2024;
 - (ii) an RBC Credit Card Agreement executed August 8, 2024; and
 - (iii) an RBC Credit Agreement dated September 5, 2024, executed September 9, 2024
- (c) 230 Alberta:
 - (i) an RBC Credit Agreement dated June 13, 2024, executed August 8, 2024;
 - (ii) an RBC Credit Card Agreement executed August 8, 2024; and
 - (iii) an RBC Credit Agreement dated and executed September 5, 2024
- (d) 786 Enterprises:
 - (i) an RBC Credit Agreement dated June 13, 2024, executed August 8, 2024;
 - (ii) an RBC Credit Card Agreement executed August 8, 2024;
 - (iii) an RBC Lease No. 201000083347 executed October 15, 2024; and
 - (iv) an RBC Credit Agreement dated and executed September 18, 2024
- (e) ANS 1993:
 - (i) an RBC Credit Agreement dated June 13, 2024, executed August 8, 2024;
- (f) P & N Development:
 - (i) an RBC Credit Agreement dated August 6, 2024, executed August 8, 2024;
 - (ii) an RBC Credit Card Agreement executed August 8, 2024; and
 - (iii) an RBC Credit Agreement dated September 5, 2024, executed September 9, 2024; and
- (g) 236 Alberta:
 - (i) an RBC Loan Agreement – CSBFL dated September 19, 2023, executed September 20, 2023;
 - (ii) an RBC Business Banking Loan Agreement executed September 20, 2023;
 - (iii) an RBC Loan Agreement – CSBFL dated and executed December 21,

2023;

(iv) an RBC Amending Agreement executed July 7, 2025; and

(v) an RBC Amending Agreement executed July 9, 2025

(collectively, the “**Loan Agreements**”).⁹

C. The Credit Facilities

15. In accordance with the Loan Agreements, RBC made the following facilities available to the Borrowers (collectively, the “**Credit Facilities**”):

(a) 141 Alberta:

(i) a revolving demand facility of \$36,000; and

(ii) a credit card facility of \$30,000.

(b) 224 Alberta:

(i) a non-revolving term loan of \$3,195,000;

(ii) a revolving demand facility of \$30,000;

(iii) a revolving demand facility of \$105,000; and

(iv) a credit card facility of \$30,000.

(c) 230 Alberta:

(i) a revolving demand facility of \$70,000; and

(ii) a credit card facility of \$30,000.

(d) 786 Enterprises:

(i) a lease facility (non-revolving) of \$637,000;

(ii) a credit card facility of \$30,000; and

(iii) a revolving demand facility of \$95,000.

(e) ANS 1993:

(i) a non-revolving term loan facility of \$1,356,600.

⁹ RBC Affidavit at para 14 and Exhibits H-N.

(f) P & N Development:

(i) a revolving demand facility of \$36,000;

(ii) a credit card facility of \$30,000.

(g) 236 Alberta:

(i) a CSBFL Variable Rate Term Loan (non-revolving); and

(ii) a \$25,000 operating line.

16. Pursuant to the Loan Agreements, RBC advanced monies to the Borrowers under the Credit Facilities.¹⁰

D. The Security

17. As security for their obligations to RBC and pursuant to the Loan Agreements, the Borrowers and the Individual Guarantor granted RBC the following security:

(a) 141 Alberta:

(i) a General Security Agreement dated August 8, 2024 by 141 Alberta;

(ii) a Guarantee and Postponement of Claim dated August 8, 2024 by 224 Alberta;

(iii) a Guarantee and Postponement of Claim dated August 8, 2024 by P & N Development;

(iv) a Guarantee and Postponement of Claim dated August 8, 2024 by Ms. Qarni; and

(v) a Postponement and Assignment of Claim dated August 8, 2024 by Ms. Qarni;

(b) 224 Alberta:

(i) a Collateral Mortgage of \$3,195,000 dated August 8, 2024 charging a property municipally described as #205, 6413 Cartmell Place SW, Edmonton, Alberta, and legally described as:

CONDOMINIUM PLAN 2021910
UNIT 12
AND 1130 UNDIVIDED ONE TEN THOUSANDTH SHARES IN
THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

¹⁰ RBC Affidavit at paras 22 and 23.

AND

CONDOMINIUM PLAN 2021910
UNIT 36
AND 10 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

(collectively, the “**224 Mortgaged Property**”);¹¹

- (ii) an Assignment of Rents dated August 8, 2024 by 224 Alberta respecting the 224 Mortgaged Property;
- (iii) a General Security Agreement dated August 8, 2024 by 224 Alberta;
- (iv) a Guarantee and Postponement of Claim dated August 8, 2024 by P & N Development;
- (v) a Guarantee and Postponement of Claim dated August 8, 2024 by 141 Alberta;
- (vi) a Guarantee and Postponement of Claim dated August 8, 2024 by Ms. Qarni; and
- (vii) a Postponement and Assignment of Claim dated August 8, 2024 by Ms. Qarni;

(c) 230 Alberta:

- (i) a General Security Agreement dated August 8, 2024 by 230 Alberta;
- (ii) a General Security Agreement – Floating Charge on Land dated August 8, 2024 by ANS 1993;
- (iii) a General Security Agreement dated August 8, 2024 by 786 Enterprises;
- (iv) a Guarantee and Postponement of Claim dated August 8, 2024 by 786 Enterprises;
- (v) a Guarantee and Postponement of Claim dated August 8, 2024 by ANS 1993;
- (vi) a Guarantee and Postponement of Claim dated August 8, 2024 by Ms. Qarni; and
- (vii) a Postponement and Assignment of Claim dated August 8, 2024 by Ms. Qarni;

¹¹Interim Receiver's First Report at s. 2.1, para 2(c); RBC Affidavit at para 16.

(d) ANS 1993:

- (i) a Collateral Mortgage of \$1,356,600.00 dated August 8, 2024 charging a property municipally described as #201 and #202, 751 Daniels Way SW, Edmonton, Alberta, and legally described as:

CONDOMINIUM PLAN 2421097
UNIT 13
AND 103 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

AND

CONDOMINIUM PLAN 2421097
UNIT 14
AND 109 UNDIVIDED ONE TEN THOUSANDTH SHARES IN THE
COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS

(collectively, the “**ANS Mortgaged Property**” collectively with the
224 Mortgaged Property, the “**Real Properties**”);¹²

- (ii) an Assignment of Rents and Leases dated August 8, 2024 by ANS 1993 respecting the ANS 1993 Mortgaged Property;
- (iii) a General Security Agreement – Floating Charge on Land dated August 8, 2024 by ANS 1993;
- (iv) a General Security Agreement dated August 8, 2024 by 786 Enterprises;
- (v) a General Security Agreement dated August 8, 2024 by 230 Alberta;
- (vi) a Guarantee and Postponement of Claim dated August 8, 2024 by 786 Enterprises;
- (vii) a Guarantee and Postponement of Claim dated August 8, 2024 by 230 Alberta;
- (viii) a Guarantee and Postponement of Claim dated August 8, 2024 by Ms. Qarni; and
- (ix) a Postponement and Assignment of Claim dated August 8, 2024 by Ms. Qarni;

¹²Interim Receiver's First Report at s. 2.1, para 2(a); RBC Affidavit at para 17.

(e) 786 Enterprises:

- (i) a General Security Agreement dated August 8, 2024 by 786 Enterprises;
- (ii) a General Security Agreement - Floating Charge on Land dated August 8, 2024 by ANS 1993;
- (iii) a General Security Agreement dated August 8, 2024 by 230 Alberta;
- (iv) a Guarantee and Postponement of Claim dated August 8, 2024 by ANS 1993;
- (v) a Guarantee and Postponement of Claim dated August 8, 2024 by 230 Alberta;
- (vi) a Guarantee and Postponement of Claim dated August 8, 2024 by Ms. Qarni; and
- (vii) a Postponement and Assignment of Claim dated August 8, 2024 by Ms. Qarni;

(f) P & N Development:

- (i) a General Security Agreement dated August 8, 2024 by P & N Development;
- (ii) a Guarantee and Postponement of Claim dated August 8, 2024 by 224 Alberta;
- (iii) a Guarantee and Postponement of Claim dated August 8, 2024 by 141 Alberta;
- (iv) a Guarantee and Postponement of Claim dated August 8, 2024 by Ms. Qarni; and
- (v) a Postponement and Assignment of Claim dated August 8, 2024 by Ms. Qarni;

(g) 236 Alberta:

- (i) a General Security Agreement dated September 20, 2023 by 236 Alberta;
- (ii) a General Security Agreement dated December 21, 2023 by 236 Alberta;
- (iii) a Security Agreement (Chattel Mortgage) dated September 20, 2023 by 236 Alberta;
- (iv) a Security Agreement (Chattel Mortgage) dated December 21, 2023 by 236 Alberta;
- (v) a Guarantee and Postponement of Claim dated December 21, 2023 by Ms. Qarni; and

- (vi) a Guarantee and Postponement of Claim dated September 21, 2024 by Ms. Qarni

(collectively, the “**Security**”).¹³

18. The Loan Agreements and the Security provide that, upon default, the Borrowers and the Individual Guarantor are liable to RBC for all costs, fees, disbursements, and professional fees, including the professional fees of any agent engaged by RBC and legal fees on a solicitor and own client (full-indemnity) basis.¹⁴
19. RBC has perfected its security interests created by the Security by way of registration at the Alberta Personal Property Registry and the Alberta Lands Titles Office, as applicable.¹⁵

E. The Defaults and Demand

20. The Borrowers defaulted under the terms of the Loan Agreements, including by failing to pay amounts owing to RBC when due (collectively, the “**Defaults**”).¹⁶
21. As a result of the Defaults, on November 4, 2025, RBC issued demand letters (collectively, the “**Demands**”) to each of the Borrowers and the Guarantors demanding full repayment of the applicable indebtedness owing to RBC, together with notices of its intention to enforce the applicable Security.¹⁷
22. By November 14, 2025, the Borrowers and the Individual Guarantor had not made any payments to RBC.¹⁸
23. As set out in more detail in the RBC Affidavit, on December 11, 2025, 236 Alberta was sold pursuant to a Share and Asset Purchase Agreement (the “**236 Alberta PSA**”).¹⁹

F. The Forbearance Agreement

24. Following the issuance of the Demands and the Respondents’ continuing defaults, between approximately November 2025 and April 7, 2026, the Respondents and RBC

¹³ RBC Affidavit at para 24 and Exhibits O-U.

¹⁴ RBC Affidavit at paras 25 and 27.

¹⁵ RBC Affidavit at para 28 and Exhibits V and W.

¹⁶ RBC Affidavit at para 29.

¹⁷ RBC Affidavit at para 30 and Exhibit X.

¹⁸ RBC Affidavit at para 32.

¹⁹ RBC Affidavit at paras 34-35.

engaged in discussions to negotiate the condition under which RBC would provide the Respondents with additional time to repay the Outstanding Indebtedness.²⁰

25. On April 7, 2026, RBC and the Respondents entered into a forbearance agreement (the **"Forbearance Agreement"**) that, in addition to standard forbearance covenants included, among other terms, the following:

- (h) RBC agreed to forbear from exercising its rights and remedies against the Borrowers until July 31, 2026 (the **"Forbearance Period"**);
- (i) the Respondents assumed the remaining indebtedness of 236 Alberta, in the amount of \$8,522.88, plus accruing interest;
- (j) the Respondents would make the following payments:
 - (i) a \$3,000 forbearance fee;
 - (ii) \$50,000 on May 1, 2026;
 - (iii) \$50,000 on June 1, 2026;
 - (iv) \$50,000 on July 1, 2026; and
 - (v) the remaining Outstanding Indebtedness (defined below) in full by July 31, 2026

(collectively, the **"Forbearance Payments"**);²¹

- (k) the Respondents' failure to make any of the Forbearance Payments when due would immediately constitute as an act of default; and
- (l) upon an act of default, the Respondents consented to RBC filing an Application with the Court to enter:
 - (i) a Consent Judgment against the Respondents, jointly and severally, for the principal amount owing, plus interest and costs on a solicitor and own client

²⁰ RBC Affidavit at para 43.

²¹ RBC Affidavit at paras 44-45.

(full-indemnity) basis, an executed copy of which is attached to the Forbearance Agreement as Schedule “E”; and

- (ii) a Consent Receivership Order, an executed copy of which is attached to the Forbearance Agreement as Schedule “F”; or
- (iii) a Consent Bankruptcy Order, an executed copy of which is attached to the Forbearance Agreement as Schedule “G”

(collectively, the “**Consent Orders**”).²²

G. Breaches of the Forbearance Agreement

- 26. The Respondents failed to make the First Forbearance Payment when due.²³
- 27. On May 5, 2026, following the Respondents’ failure to pay the First Forbearance Payment, counsel for RBC issued a Notice of Default of the terms of the Forbearance Agreement to the Respondents, demanding that the First Forbearance Payment be made on or before May 8, 2026 (the “**May 5 Notice of Default**”).²⁴
- 28. Subsequently, on May 6, 2026, counsel for the Respondents requested, and RBC agreed to grant, an extension of the First Forbearance Payment deadline to May 15, 2026 (the “**First Forbearance Payment Extension**”).²⁵
- 29. On May 14, 2026, the Respondents advised RBC that it would not be able to make the First Forbearance Payment by the extended May 15, 2026 deadline. The Respondents requested, and RBC agreed to grant, a further extension of the First Forbearance Payment deadline to May 21, 2026 (the “**Second Forbearance Payment Extension**”).²⁶
- 30. On May 25, 2026, following the Respondents’ failure to make the First Forbearance Payment by the twice-extended Forbearance Period, counsel for RBC issued an additional Notice of Default to the Respondents (the “**May 25 Notice of Default**”). The May 25 Notice of Default terminated the Forbearance Agreement, effective May 25, 2026.²⁷

²² RBC Affidavit at para 45 and Exhibit BB.

²³ RBC Affidavit at para 48.

²⁴ RBC Affidavit at para 48 and Exhibit DD.

²⁵ RBC Affidavit at para 49.

²⁶ RBC Affidavit at paras 50-51.

²⁷ RBC Affidavit at para 52 and Exhibit EE.

31. RBC was concerned about the Interim Receivership Parties' financial condition and lost faith in their management and, accordingly,²⁸ on June 24, 2026, RBC filed an Application to appoint AlixPartners as Receiver and Manager, which was later amended to seek the appointment of AlixPartners as the Interim Receiver.

H. The Interim Receivership Order

32. On July 2, 2026, Justice M.J. Lema granted the Interim Receivership Order appointing AlixPartners as the Interim Receiver over the Interim Receivership Parties' Property pursuant to section 47 of the *BIA* and section 13(2) of the *Judicature Act*.
33. The Interim Receivership Order, among other things:
- (a) empowered and authorized the Interim Receiver to undertake the following where the Interim Receiver considered it necessary or desirable, among other things:
 - (i) to monitor the Interim Receivership Parties' receipts and disbursements, the business of the Interim Receivership Parties (the "**Business**"), the Child Care Facilities, and dealings with the Interim Receivership Parties' Property;
 - (ii) to exercise control over and possess all monies and accounts of the Interim Receivership Parties;
 - (iii) to work with the Interim Receivership Parties to prepare and update a 13-week cash flow forecast and to administer a funding request model, whereunder the Interim Receivership Parties shall make detailed funding requests on a weekly basis for the following week;
 - (iv) to market any or all of the Property (including the Business); and
 - (v) to report to, meet with, and discuss with such affected persons as the Interim Receiver deems appropriate regarding all matters relating to the Property and the interim receivership; and

²⁸ RBC Affidavit at para 53.

- (b) declared that the Interim Receiver shall not operate, manage or carry on the Business, except for managing and monitoring the monies and accounts, including the following child-care and early learning centres operated by the Debtors:
- (i) “Root Montessori – ELC 1” (“**Roots #1**”) operating from the 224 Mortgaged Property;
 - (ii) “Root Montessori – ELC 2” (“**Roots #2**”), which was planned to operate from a leased premises neighbouring the ANS Mortgaged Property and municipally located at #204, 751 Daniels Way SW, Edmonton that is currently under construction;
 - (iii) “Little Star Montessori Early Learning Centre and Roots Montessori Early Learning Centre – Pioneer” operating from a premises located at #202, 280 Pioneer Road, Spruce Grove, Alberta;
 - (iv) “Dickinsfield Child Development Centre” operating from a premises located at #20, 9228 144 Ave NW, Edmonton, Alberta; and
 - (v) “Learned Robin Day Care, Learned Robin Montessori Daycare, and Seven Stones Daycare & OSC” operating from a premises located at #2300, 10180 101 St NW, Edmonton, Alberta.²⁹

34. Following the pronouncement of the Interim Receivership Order, the Interim Receiver was made aware that:

- (a) the only Child Care Facilities currently operated by the Interim Receivership Parties and subject to the Interim Receivership Order are: (i) Roots Montessori Early Learning Centre – Pioneer (“**Pioneer**”); (ii) Dickinsfield Child Development Centre (“**Dickinsfield**”); and (iii) Learned Robin Montessori Daycare (“**LRM**”); and
- (b) 574 Alberta and 568 Alberta, which were not subject to the Interim Receivership Order operated or were intended to operate Roots #1 and Roots #2, respectively.³⁰

²⁹ Interim Receiver's First Report at s. 1.0, para 3. .

³⁰ Interim Receiver's First Report at s. 1.0, para 4.

III. ISSUES

35. The only issue before the Court is whether it is just and convenient to appoint a Receiver over the Debtors' Property.

IV. LAW AND ARGUMENT

A. RBC is Entitled to Appoint a Receiver

36. Each of section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"),³¹ section 13(2) of the *Judicature Act*, RSA 2000, c J-2,³² and section 65(7)(a) of the *Personal Property Security Act*, RSA 2000, c P-7 ("**PPSA**")³³ vests this Honourable Court with the authority to appoint a Receiver where it is just and convenient to do so.³⁴
37. RBC respectfully submits that this Honourable Court ought to exercise its discretion to appoint a Receiver over the Debtors' Property, because it is just, convenient and otherwise appropriate in the circumstances and would be in accordance with the contractual terms agreed upon by RBC and the Respondents under the Security and Forbearance Agreement.
38. Demands enclosing Notices of Intention to Enforce Security were first issued to the Interim Receivership Parties and Individual Guarantor more than six months ago. Despite entering into the Forbearance Agreement, and RBC granting multiple extensions for the First Forbearance Payment, the Respondents have failed to comply with their obligations and remain in default. In these circumstances RBC has lost confidence in the Respondents. RBC is entitled to seek to enter the Consent Receivership Order, and it wishes to do so at this time.

B. Considerations when Appointing a Receiver

39. Traditionally, when considering an application to appoint a receiver, Courts have used the same test used to determine if an interlocutory injunction is appropriate,³⁵ but have

³¹ *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**"), s. 243(1), BOA **TAB 1**.

³² *Judicature Act*, RSA 2000, c J-2, s. 13(2), BOA **TAB 2**.

³³ *Personal Property Security Act*, RSA 2000, c P-7, s. 65(7), BOA **TAB 3**.

³⁴ *Business Development Bank of Canada v 170 Willowdale Investments Corp*, 2023 ONSC 3230, at para 49, BOA **TAB 4**.

³⁵ The applicant must establish that there is a serious issue to be tried, that it will suffer irreparable damage if the relief is not granted, and that the balance of convenience favours the granting of the relief (the "**Injunction Test**") *RJR-MacDonald Inc v Canada (Attorney General)* [1994] 1 SCR 311 at paras 93-95 BOA **TAB 5**.

loosened the test in cases where “the dictates of fairness are so overwhelming”.³⁶ In *Murphy v Cahill*, Justice Veit confirmed that the interim relief of appointing a receiver may be justified even where one or more terms of the “Injunction Test” set out in *RJR-MacDonald Inc v Canada (Attorney General)* are not met.³⁷

40. The requirement to meet the Injunction Test is less relevant where a secured creditor is simply seeking to enforce its contractual rights.³⁸
41. There are a number of non-exhaustive factors that are considered by a Court in appointing a receiver:
 - (a) whether irreparable harm might be caused if no order were made, although it is not essential for a creditor to establish 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;
 - (c) the nature of the property;
 - (d) the apprehended or actual waste of the debtor’s assets;
 - (e) the preservation or protection of the assets;
 - (f) the balance of convenience to the parties;
 - (g) the fact that the moving party has a right under its security to appoint a receiver;
 - (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) whether a court appointment of the receiver is necessary to enable the receiver to carry out its work more efficiently;

³⁶ *Murphy v Cahill*, 2013 ABQB 335, at paras 8 and 62 (“**Murphy**”), BOA **TAB 6**.

³⁷ *Murphy* at para 62, BOA **TAB 6**.

³⁸ *Paragon Capital Corporation Ltd. v Merchants & Traders Assurance Co.*, 2002 ABQB 430, at para 28 (“**Paragon**”), BOA **TAB 7**.

- (k) the effect of the order on the parties;
- (l) the conduct of the parties;
- (m) the length of time that a receiver may be in place;
- (n) the potential costs;
- (o) the likelihood of maximizing the return on the property; and
- (p) the goal of facilitating the duties of the receiver.³⁹

C. RBC is not required to meet the Injunction Test

42. In *Kasten Energy Inc. v Shamrock Oil & Gas Ltd.*, a secured creditor brought an application to appoint a receiver pursuant to the terms of its security documentation and this Honourable Court held that establishing irreparable harm was not essential:

The security documentation in the present case authorizes the appointment of a Receiver...Thus, even if I accept the argument that the [Applicant] has not been able to demonstrate irreparable harm, that itself would not be determinative of whether or not a Receiver should be appointed in this matter. It is not essential for a creditor to establish irreparable harm if a receiver is not appointed.⁴⁰

43. In *Paragon Capital Corporation Ltd. v Merchants & Traders Assurance Co.*, (“*Paragon*”), Justice Romaine confirmed that parties’ contractual interests should be honored above strict interpretation of the branch of the Injunction Test that requires irreparable harm in the absence of a Court appointing a receiver:

In cases where the security documentation provides for the appointment of a receiver, which is the case here with respect to the General Security Agreement and the Extension Agreement, the extraordinary nature of the remedy sought is less essential to the inquiry.⁴¹

44. This approach was also confirmed by the Ontario Superior Court in *RMB Australia Holdings Ltd. v Seafeld Resources Ltd.*:

...while the appointment of a receiver is generally regarded as an extraordinary equitable remedy, courts do not regard the nature of the

³⁹ *Paragon*, at para 27, BOA **TAB 7**; see also *Lindsay Estate v Strategi Metals Corp*, 2010 ABQB 242 at para 32, BOA **TAB 8**, aff’d in 2010 ABCA 191 and *Schendel Management Ltd., Re*, 2019 ABQB 545 at paras 44-45, BOA **TAB 9**.

⁴⁰ *Kasten Energy Inc. v Shamrock Oil & Gas Ltd.*, 2013 ABQB 63, at para 21, BOA **TAB 10**.

⁴¹ *Paragon*, at para 28, BOA **TAB 7**.

remedy as extraordinary or equitable where the relevant security document permits the appointment of a receiver. This is because the applicant is merely seeking to enforce a term of an agreement that was assented to by both parties.⁴²

45. In *Canadian Imperial Bank of Commerce v Can-Pacific Farms Inc.*, the British Columbia Supreme Court took this reasoning further, effectively reversing the onus as to whether or not a receiver should be appointed. The Court confirmed that, where a secured creditor is seeking a receivership order and default under the security is proven, a receiver should be granted as a right unless there are compelling commercial or other reasons to not grant the order.⁴³
46. Courts have also held that a loss of confidence in a debtor and its management, arising from a pattern of default or ongoing operational difficulties, is a relevant factor supporting the appointment of a receiver.⁴⁴

D. Considerations Regarding Consent Receivership Orders

47. Where a debtor agrees to a consent receivership order as part of negotiating a forbearance of security enforcement, additional considerations are engaged.⁴⁵ The applicable principles were summarized by Justice Lema in *Servus Credit Union Ltd. v Proform Management Inc.*, and adopted by Justice Marion in *Bank of Nova Scotia v Smiling Simba Learning Academy Inc.*⁴⁶

[60] On how to approach a consent order, the guiding principles are as follows:

- the Court is not obliged, from the mere fact of consent, to grant a consent order; and
- the Court must be satisfied (at minimum) that:
 - it has the jurisdiction to grant the order;

⁴² *RMB Australia Holdings Ltd. v Seafield Resources Ltd.*, 2014 ONSC 5205, at para 29, BOA **TAB 11**.

⁴³ *Canadian Imperial Bank of Commerce v Can-Pacific Farms Inc.*, 2012 BCSC 437, at para 14, BOA **TAB 12**.

⁴⁴ *KingSett Mortgage Corporation v 30 Roe Investments Corp.*, 2022 ONSC 2777, leave to appeal ref'd 2022 ONCA 479 ("**30 Roe Investments**"), at para 29, BOA **TAB 13**.

⁴⁵ *ATB Financial v Mayfield Investments Ltd.*, 2024 ABKB 635 ("**Mayfield**"), at para 35 and 40, BOA **TAB 14**; see also *Bank of Nova Scotia v Smiling Simba Learning Academy Inc.*, 2025 ABKB 11 ("**Smiling Simba**") at para 31, BOA **TAB 15**.

⁴⁶ *Servus Credit Union Ltd. v Proform Management Inc.*, 2020 ABQB 316 ("**Proform**"), at paras 60-63, BOA **TAB 16**; and *Smiling Simba* at para 31, BOA **TAB 15**.

- if it has the jurisdiction, any preconditions (statutory or common law) to the exercise of its jurisdiction are met;
- consent has actually been provided;
- the consent is not the product of fraud, duress, or undue influence or otherwise tainted;
- where the consent was provided on a conditional basis (e.g. order not to be entered unless certain conditions are satisfied), the condition(s) are satisfied;
- the proposed relief does not exceed that consented to; and
- consent aside, the ordered relief is warranted in the circumstances.

[61] The level of scrutiny required depends on the circumstances. The onus to raise a concern rests with the consenting (or ostensibly consenting) party. If that party is present at the application for the order and raises no concerns, or if it is content to allow the other party (or parties) to appear at the application and relay the “we have consented” message, the Court can usually proceed on the basis that all of these elements are satisfied.

[62] At minimum, the Court may have to consider whether it has the jurisdiction to grant the order i.e. to guard against parties (inadvertently or otherwise) pulling the Court outside its jurisdiction.

[63] A safeguard here is the Court’s power to set aside or vary its orders, including (in limited circumstances) consent orders. If it turns out that, despite apparent regularity, a consent order is fatally deficient on one or more of the bases above, the Court may decide to set it aside.

48. In *Smiling Simba*, Justice Marion held that, where a debtor has signed a consent receivership order, it has conceded that receivership is an appropriate remedy, particularly in the absence of any material change in circumstances following the execution of the consent order.⁴⁷
49. Having regard for the *Paragon* factors, the Security, and the Forbearance Agreement, RBC respectfully submits that it is just and convenient to appoint AlixPartners as Receiver over the Corporate Respondents’ Property for, among others, the following reasons:
 - (a) it is an express term of the Security that, upon default, one of the remedies available to RBC is the appointment of a receiver;

⁴⁷ *Smiling Simba*, at para 32, BOA **TAB 15**.

- (b) RBC has satisfied the procedural prerequisite to seeking the appointment of the Receiver when it served the Notices of Intention to Enforce Security on the Respondents;
- (c) it is not necessary for RBC to provide the existence of irreparable harm in the event a receiver is not appointed;
- (d) RBC has lost confidence in the Respondents' management;
- (e) the Respondents have committed numerous defaults under the Security, the Loan Agreements, and the Forbearance Agreement;
- (f) the Respondents have had ample opportunity to attempt to refinance or repay the Outstanding Indebtedness to RBC and have failed to do so;
- (g) a receivership order would permit an orderly and cost effective liquidation of the Respondents' assets, permitting RBC and other secured creditors the best opportunity to realize on their respective collateral;
- (h) the Respondents have executed a Consent Receivership Order in connection with the Forbearance Agreement, which is currently releasable under the terms of the now terminated Forbearance Agreement;
- (i) AlixPartners has consented to act as the Receiver over the Corporate Respondents; and
- (j) there are no compelling commercial or other reasons to not appoint AlixPartners as Receiver.

E. It is Just and Convenient to Include the Related Parties into the Receivership

50. In addition to the above, the following events have occurred following the pronouncement of the Interim Receivership Order:

- (a) on July 17, 2026, the Interim Receiver and Ms. Qarni, in her capacity as corporate representative of the Interim Receivership Parties, entered into a memorandum of understanding (the "**Memorandum of Understanding**") wherein, among other things, Ms. Qarni agreed to transfer existing funds held by the Interim Receivership

Parties to the Interim Receiver, provide the Interim Receiver with weekly cash receipt reports, and submit weekly funding requests to the Interim Receiver;⁴⁸

- (b) on July 27, 2026, the Interim Receiver issued correspondence to Ms. Qarni confirming among other things, that Ms. Qarni failed to comply with the terms of the Memorandum of Understanding, provided inaccurate or incomplete information related to the Child Care Facilities, and was unable to provide historical collection and disbursement trends of each of the Child Care Facilities since their inception;⁴⁹
- (c) Ms. Qarni continues to collect certain Parent Fees into her personal bank account, despite the Interim Receiver directing her to cease doing so;⁵⁰
- (d) payment terminals for the Dickinsfield and Pioneer facilities were disconnected several months prior to the Interim Receivership, making it difficult for the Interim Receiver to collect Parent Fees;⁵¹
- (e) some parents are provided with ad-hoc discounts or waived fees, as determined by Ms. Qarni;⁵²
- (f) the Child Care Facilities have not filed required audited 2025 financial statements, creating ongoing risk of indefinite suspension of Government Grants;⁵³
- (g) the lease for the Dickinsfield facility expires September 30, 2026, and the landlord has confirmed it does not currently consent to renewal, extension, or overholding, directly affecting operational viability;⁵⁴
- (h) the Child Care Facilities have extensive documented non-compliance and inspection violations from the Government of Alberta and Alberta Health Services since 2025—Pioneer alone had 45 Government of Alberta non-compliance issues;⁵⁵

⁴⁸ Interim Receiver's First Report at Appendix "E".

⁴⁹ Interim Receiver's First Report at Appendix "G".

⁵⁰ Interim Receiver's First Report at s. 4.1.3 at para 1(c).

⁵¹ Interim Receiver's First Report at s. 4.1.3 at para 1(d).

⁵² Interim Receiver's First Report at s. 4.1.3 at para 1(e).

⁵³ Interim Receiver's First Report at s. 4.2.1 at para 4.

⁵⁴ Interim Receiver's First Report at Appendix "G".

⁵⁵ Interim Receiver's First Report at Appendix "G".

- (i) all Government Grants were subject to garnishments and writs filed by the CRA, Alberta Employment Standards, and Alberta Treasury Board, and the Government Grants would be the primary inflow of cash to support the Business;⁵⁶
- (j) approximately \$235,244 in employee wages and termination pay is outstanding since December 2025, with many employees contacting the Interim Receiver regarding unpaid wages. Several employees have resigned due to ongoing delays and unpaid wages;⁵⁷
- (k) approximately \$746,932 is estimated to be owing for unpaid source deductions as at June 30, 2026, which may constitute a deemed trust priority under the BIA.⁵⁸
- (l) at least \$206,000 is owed to landlords for outstanding rent, utilities, and common area maintenance.⁵⁹ The landlord for the Pioneer facility alleges it is also owed an additional \$234,000 for a leasehold improvement loan;⁶⁰
- (m) approximately \$649,882 is outstanding to the CRA for corporate income tax, GST, and source deductions
- (n) approximately \$13,589 is outstanding for unpaid WCB premiums;
- (o) following the interim receivership, the Dickinsfield Offer was withdrawn outright, and the remaining LRM Offer was made contingent on license transferability, enrollment numbers, and reputation—factors substantially affected by mismanagement;
- (p) childcare consultants advised the market is highly competitive and potentially oversaturated, limiting the marketability and value of the Child Care Facilities;
- (q) the decline in enrollment and potential reputational damage from operational mismanagement reduces any potential purchase price;

⁵⁶ Interim Receiver's First Report at s. 4.2.1, para 1.

⁵⁷ Interim Receiver's First Report at s. 4.3.1, para 1.

⁵⁸ Interim Receiver's First Report at s. 4.3.1, para 1.

⁵⁹ Interim Receiver's First Report at s. 4.3.3, para 1.

⁶⁰ Interim Receiver's First Report at s. 4.3.3, para 1.

- (r) the Interim Receiver estimates a minimum of \$498,000 is required to fund operations through October 2, 2026—nearly exhausting the \$500,000 Interim Receiver's Borrowing Charge authorized by the Court;⁶¹
 - (s) the Interim Receiver informed Ms. Qarni that it will not be funding the Business past August 10, 2026, and requested Ms. Qarni's assistance with winding down the Business;⁶²
 - (t) efforts to sell the Business to date, including a pre-filing sale process and a subsequent request for proposals from prospective sales agents, have not produced a viable transaction, and a Government of Alberta requirement that outstanding government obligations be paid before any sale or licence transfer is approved has already prevented completion of a prior proposed sale;⁶³
 - (u) certain of the Property and its proceeds are subject to claims from competing stakeholders, and a receivership proceeding would provide an efficient forum for these various claims to be assessed;
51. the Interim Receiver discovered the following respecting the Related Parties, which are not presently subject to the Interim Receivership Order and are not borrowers under the RBC Credit Facilities advanced by RBC to the Interim Receivership Parties:
- (a) both Related Parties have directly or indirectly benefited from funds made available to the Debtors under the RBC Credit Facilities, without the knowledge or consent of RBC;⁶⁴
 - (b) as it relates to 568 Alberta specifically:
 - (i) 786 Enterprises funded 568 Alberta's construction costs and monthly lease payments for Unit 204 from proceeds made available through the RBC Credit Facilities; and

⁶¹ Interim Receiver's First Report at s. 4.5, para 1.

⁶² Interim Receiver's First Report at Appendix "H".

⁶³ Interim Receiver's First Report at Appendix "G".

⁶⁴ Interim Receiver's Report at s. 2.2, para 1 and s. 5.0, para 9.

- (ii) no written agreement documents the intercompany arrangement between 786 Enterprises and 568 Alberta for repayment.⁶⁵
 - (c) as it relates to 574 Alberta specifically:
 - (i) operates the Roots #1 Facility from the 224 Property;
 - (ii) no lease agreement exists between 224 Alberta and 574 Alberta for the 224 Property, and no rent was charged for 574 Alberta's use of the property; and
 - (iii) may have improperly benefited from certain funds made available under the RBC Credit Facilities;⁶⁶
 - (d) Ms. Qarni is the sole director of both 568 Alberta and 574 Alberta;⁶⁷ and
 - (e) RBC Security Registered Against Both Related Parties: Personal Property Registry searches confirm that RBC has registered security interests against both 568 Alberta and 574 Alberta under security agreements;
52. In the absence of a receiver with full authority to operate and manage the Business, it is unclear that the Interim Receivership Parties' management would take steps to preserve the Property. A full receivership is necessary to permit the orderly marketing and sale of the Property and Business as a going concern, maximizing value for all stakeholders.
53. On July 21, 2026, RBC amended its security registrations at the personal property registry as follows:
- (a) Registration No. 26072127182 originally registered against 786 Enterprises was amended to include the Related Parties as debtors of RBC, alongside 786 Enterprises;
 - (b) Registration No. 26072127628 originally registered against ANS 1993 was amended to include 568 Alberta as a debtor of RBC, alongside ANS 1993; and

⁶⁵ Interim Receiver's Report at s. 2.2.1, para 3.

⁶⁶ Interim Receiver's Report at s. 2.2.2, para 3.

⁶⁷ Interim Receiver's Report at Appendices "A" and "B".

- (c) Registration No. 26072127312 originally registered against 224 Alberta was amended to include 574 Alberta as a debtor of RBC, alongside 224 Alberta.⁶⁸
54. Having regard for the *Paragon* factors, RBC respectfully submits that it is just and convenient to appoint AlixPartners as Receiver over the Related Parties' Property for, among others, the following reasons:
- (a) 786 Enterprises funded 568 Alberta's construction costs and monthly lease payments for Unit 204 using proceeds from the RBC Credit Facilities;
 - (b) RBC has lost confidence in the Respondents' management;
 - (c) a receivership order would permit an orderly and cost effective liquidation of the Respondents' assets, permitting RBC and other secured creditors the best opportunity to realize on their respective collateral;
 - (d) AlixPartners has consented to act as the Receiver over the Debtors; and
 - (e) there are no compelling commercial or other reasons to not appoint AlixPartners as Receiver.
55. The Interim Receiver is of the view that converting the interim receivership to a full receivership is reasonable and appropriate at this time as it allows for: (i) an orderly wind-down of the Business; and (ii) processes to be considered and implemented, as appropriate, to maximize value for RBC and other stakeholders.⁶⁹

⁶⁸ The Interim Receiver's First Report at Appendix "D".

⁶⁹ The Interim Receiver's First Report at s. 5.0, para 7.

V. RELIEF SOUGHT

56. For the reasons described above, RBC respectfully requests that this Honourable Court grant an Order for the appointment of AlixPartners as Receiver over the property of the Debtors.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 5th DAY OF AUGUST, 2026.

LIST OF AUTHORITIES

- TAB 1** *Bankruptcy and Insolvency Act*, [RSC 1985, c B-3](#)
- TAB 2** *Judicature Act*, [RSA 2000, c J-2, s. 13\(2\)](#)
- TAB 3** *Personal Property Security Act*, [RSA 2000, c P-7](#)
- TAB 4** *Business Development Bank of Canada v 170 Willowdale Investments Corp*, [2023 ONSC 3230](#)
- TAB 5** *RJR-MacDonald Inc v Canada (Attorney General)* [\[1994\] 1 SCR 311](#)
- TAB 6** *Murphy v Cahill*, [2013 ABQB 335](#)
- TAB 7** *Paragon Capital Corporation Ltd. v Merchants & Traders Assurance Co.*, [2002 ABQB 430](#)
- TAB 8** *Lindsay Estate v Strategi Metals Corp*, [2010 ABQB 242](#)
- TAB 9** *Schendel Management Ltd., Re*, [2019 ABQB 545](#)
- TAB 10** *Kasten Energy Inc. v Shamrock Oil & Gas Ltd.*, [2013 ABQB 63](#)
- TAB 11** *RMB Australia Holdings Ltd. v Seafield Resources Ltd.*, [2014 ONSC 5205](#)
- TAB 12** *Canadian Imperial Bank of Commerce v Can-Pacific Farms Inc.*, [2012 BCSC 437](#)
- TAB 13** *KingSett Mortgage Corporation v 30 Roe Investments Corp*, [2022 ONSC 2777](#),
- TAB 14** *ATB Financial v Mayfield Investments Ltd.*, [2024 ABKB 635](#)
- TAB 15** *Bank of Nova Scotia v Smiling Simba Learning Academy Inc.*, [2025 ABKB 11](#)
- TAB 16** *Servus Credit Union Ltd. v Proform Management Inc.*, [2020 ABQB 316](#)