



Paul Michaels <paulcharlottem@gmail.com>

URGENT - Premature sale of BSCL assets on 17th July 2013 and notice.

1 message

Paul Michaels <paulcharlottem@gmail.com> 16 July 2013 20:16
Bcc: rossbackman@rbc.com, Ed Belak - Global Sporting Advisors <erbgsa@gmail.com>, Charlie Bird <charlie@wbmlawyers.nb.ca>, Low Newbiggin House <holidays@lownewbiggin.co.uk>, carae@lexi.net, Darrell Stephenson <dstephenson@stewartmckelvey.com>, John Bujold <jebujold@gormannason.com>, "geoff.colter" <geoff.colter@scl.ca>, "Northrup, Dave" <dave.northrup@rbc.com>, "stephen.m.banks" <stephen.m.banks@rbc.com>, christian.bedard@rbc.com, mark.a.standish@rbc.com, lynn.reed@rbc.com, "Lockyer, Robert D" <Robert.Lockyer@lloydsts-offshore.com>, brian.anderson@rbc.com, "Martin, Paul" <pmartin@grantthornton.ca>, Gilles Gallant <gilgal@rogers.com>

Charlie

As you are not available and it is the last date before the closing day for the bids, we have no choice but to send directly to RBC and our contacts, sorry !

For and on behalf of
Blissfield Sporting Camps Limited
And its Creditors

Dear Ross

After 5 years of pulling together a business plan and team, to build one the finest lodges of the Miramichi and get a return on \$1.5m of personal investment, the Royal Bank of Canada, provided us with \$1.25m loan to build a fishing lodge for the purpose of servicing high net worth clients on the famous Miramichi, a migratory salmon and sea trout river in New Brunswick Canada.

The Lodge was built from September 2011 to May 2012, in 4 feet of snow and temperatures of minus - 37 degrees Centigrade

Against all odds we opened the turnkey business on June 12 2012, just 2 hours after our first guests arrived from the United Kingdom.

The building of the lodge was the culmination of 7 years of advertising, networking travelling and team building to promote the Miramichi and New Brunswick as a principal player on the Destination Atlantic Salmon fishing circuit to compete with Russia Scotland Iceland and Norway.

We secured \$90k + HST of bookings in the 2012 fishing season offering a two for one opening season incentive deal. This money serviced our monthly loan repayment obligations to the Royal bank throughout the summer of 2012.

The opening of the lodge coincided with a drought which closed the river and adversely affected angling conditions for most of the season.

We spent the season restructuring and training the management team and compiling the lodge procedures.

In line with our commitment to the bank to bring in major investors, Blissfields' appointed the well respected and most experienced agency in selling Salmon Lodges and fishing waters - Global Sporting Advisors, to promote the opportunity to invest in our business.

During the months October 2012 to April 2013 Ed Belak of GSA produced a comprehensive Sales Information Memorandum outlining the 'offer'.

We identified potential investors and invited them to view the lodge and fish our pools, during June and July 2013.

We secured an interim investor to meet the running costs of the company. Discussions were held between Stephen Banks, investors, Paul Michaels and Ross Backman re the potential of an investor without obligation using funds held in a GIC account to guarantee any further borrowing from RBC to allow the company to solidify its trading position to allow time to attract major investment.

The BSCL trading account and file was passed from our Queen Street Fredericton branch account manager to the special loans department in Halifax NS. We were advised that this was "a good thing", and would facilitate nursing the Company back to health. We spoke with our new client liaison manager who refused The GIC/Guarantor option, at that stage.

In early Feb 2013 The bank sent BSCL and its directors a DEMAND notice of its intentions to realise its security. Paul Michaels called and emailed Ross Backman immediately and was informed that the bank would support us until we secured a major investor. The bank were advised that investors would not be on the river until late June and throughout July.

The river remained frozen until April 2013 and we advised the bank of the imminent investment from a NB investor which would financially assist the Co. until bookings started coming in. The investor and loan was evidenced by the provision of the legal charge documentation. The bank never commented on the amount of the loan or gave us ANY advice that they were to appoint the receiver.

Immediately that we secured the funds to pay BSCL outstanding payables, RBC demanded that the outstanding payments were brought current. (*We have no idea whether this decision is linked to the fact that our interim investor had substantial funds sitting in an RBC account, but there was NO agreement to use these funds as collateral.*) Paul Michaels immediately advised RBC that they had miscalculated the principle payments due as the Government guarantee loan had been restructured to permit interest only until August 2013. The bank concurred with the figures provided by Paul and it was whilst the request for payment was being forwarded to the interim investor that the Royal Bank appointed Ernst & Young as the receiver to sell the assets which the Royal Bank of Canada held as security for their \$1.25m loan. Paul offered to pay one months mortgage payments to ensure that the arrears did not increase until funds were released. The bank advised us that they would NOT take the months payment. The bank then confiscated the investors interim payment of approx. \$21k and allegedly passed it to the receiver. This prevented us paying various outstanding payables including insurance which the bank indicated would be considered as "Not working in the banks best interest" Our telephone line was disconnected for non payment as we had reached an agreement to pay them by a set date. This effectively prevented us from taking any further bookings and resolving our financial affairs. The disconnected line further harmed our reputation.

We have had to re-house or cancel many of our 2013 bookings. Others have adopted a 'wait and see policy' These bookings would have guaranteed the Royal bank \$60k towards its loan repayments. The rehousing of our clients at other lodges is a liability of BSCL as some of the guests paid in 2012 and were promised a carry over to the 2013 season due to the drought in 2012.

We have now been informed by the Banks Legal representatives Stewart McKelvey that the bank would consider a guarantor. Unless I am missing something here, this development now renders this entire receivership process and costly exercise, which has caused everyone much wasted time, unnecessary stress and anxiety, especially for my wife whom is 8 months pregnant, pointless.

Given the marriage value of the assets that are held in personal names and BSCL, we have continuously urged the bank to consider the consequences of usurping GSA's efforts by appointing E&Y and the associated potential devaluation our assets, our 'offering' and the banks security. Specifically it would turn off any investors that had a desire to look at investing in our business. (See attached the example email from Dan Daviau of Canaccord Genuity Inc.) GSA are considering making a claim against E&Y for allegedly 'copying' their work which was compiled and provided under contract to Blissfield Sporting Camps Limited. If E&Y did do that it is interesting that George Kinsman of Ernst & Young said that the reason RBC had appointed them was because they had lost faith in Paul Michaels to deliver or secure further investment. Note the time that this decision was taken was prior to the prime fishing season. Why not before the winter months and closed season during which time we incurred further costs and liabilities ?

With only 24 hours to go before the nationally advertised deadline (17th July 2012) for the receipt of sealed bid for the Blissfield Sporting Camps Ltd's assets, I must reiterate that the banks untenable actions have been nothing short of Tortious Interference. We have suffered irreparable damage to the business and our reputation as a direct result of the way that E&Y have marketed our properties for sale.

We are working hard to secure one of our principal investors however under the umbrella of a receiver it has been difficult to generate traction.

We therefore again appeal to the bank to consider its options and under the circumstances to do the right thing by Paul & Charlotte Michaels (its customers) and either ;

1. restructure the company and recapitalize the business to allow us additional time to deliver our original business model to sell shares to corporate investors or high networth individuals or
2. permit us additional time beyond the 17 July to raise the funds to buy out the Royal bank

In any event we feel that the best situation for all concerned would be to reopen the lodge with immediate effect, and dismiss the receiver, and to allow the lodge to welcome clients and investors in 2013, which should enable us to make an offer to buy the bank out.

We are making a formal demand to E&Y and the bank to advise us of ANY and ALL enquiries from parties interested in Blissfields (BSCL) assets COMPLETE with the level of their bids.

Alleged potential conflicts of interest, have been brought to our attention. Our main concerns are the devaluation of our assets and irreparable harm to our company and directors that could affect our ability to work within this business sector in the future.

1. Stewart McKelvey advising RBC in this case as SM took us to court a couple of years ago. This conflict was reported to Whitehead Bird and Miles, RBC and E&Y
2. Ernst & Young and a link to Stewart McKelvey through George Kinsman fishing trip with the son of Frederick McEllman from Stewart McKelvey
3. RBC and Stewart Mckelvey - fishing trips with team members.
4. Earnst & Young and ARA Fredericton Appraisals - Harold Moore worked with us and did the original BSCL valuation for RBC that we borrowed the money against
5. E&Y 's historic corporate fishing trips with Stewart Mckelvey at Wilson's Camps

None of the above are meant to imply anything other than they are our understanding of the facts. IF the above are true, it is fair to say that this proves the intangible benefits of owning a Salmon fishing lodge. It is about the value of the contracts and relationships that are potentially forged at the lodge NOT just the net dollar return

We trust that we can find a mutually beneficial resolve to this unfortunate situation, and look forward to hearing from you.

Would someone please call us immediately on +44 774 779 3333 to reassure us that we can discuss in person today a potential rescue deal.

Sincerely

Paul Michaels
For and on behalf of
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