Form 10
[Rule 3.25]

COURT FILE NUMBER	1901- 04336	Clerk's Stamp CLERK OF THE COURT FILED MAR 26 2019 CALGARY, ALBERTA
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	Calgary	
PLAINTIFF	**MAYNBRIDGE CAPITAL INC.**	
DEFENDANTS	**GENCO HOLDINGS LTD., GENCO (WALDEN) LTD., PALI BEDI, TARLOK TATLA, JASBIR HANS, SOLO LIQUOR HOLDINGS LTD. and SOLO LIQUOR STORES LTD.**	
DOCUMENT	**STATEMENT OF CLAIM**	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Matti Lemmens Borden Ladner Gervais LLP 1900, 520 3rd Ave. S.W. Calgary, AB T2P 0R3 Telephone: (403) 232.9511 Facsimile: (403) 266.1395 Email: mlemmens@blg.com File No. 562354.000006	

NOTICE TO DEFENDANTS

You are being sued. You are a defendant.

Go to the end of this document to see what you can do and when you must do it.

Statement of facts relied on:

1. The Plaintiff, Maynbridge Capital Inc. (the "**Plaintiff**" or "**Maynbridge**"), is a body corporate duly incorporated pursuant to the laws of the Province of British Columbia, with a registered office located in Vancouver, British Columbia, and is extra-provincially registered to carry on business in the Province of Alberta. Maynbridge is engaged in the business of providing asset-based

financing to Canadian enterprises secured by a range of assets, including equipment, industrial and commercial real estate, inventory and accounts receivable.

2. The Defendant, Genco Holdings Ltd. ("**Genco**") is a body corporate duly incorporated pursuant to the laws of the Province of Alberta, with a registered office located in Calgary, Alberta.

3. The Defendant, Genco (Walden) Ltd. ("**Walden**") is a body corporate duly incorporated pursuant to the laws of the Province of Alberta, with a registered office located in Calgary. Alberta. Walden is a wholly-owned subsidiary of Genco.

4. The Defendant, Solo Liquor Holdings Ltd. ("**SLH**") is a body corporate duly incorporated pursuant to the laws of the Province of Alberta, with a registered office located in Calgary. Alberta with a registered office located in Calgary Alberta.

5. The Defendant, Solo Liquor Stores Ltd. ("**SLS**") is a body corporate duly incorporated pursuant to the laws of the Province of Alberta, with a registered office located in Calgary. Alberta. SLS is the successor by amalgamation of Solo Liquor Holdings (2) Ltd ("**SLH2**").

6. The Defendants, Pali Bedi ("**Bedi**"), Tarlok Tatla ("**Tatla**") and Jasbir Hans ("**Hans**") are, as far as the Plaintiff is aware, individuals residing in the Province of Alberta. All three of Bedi, Tatla and Hans are directors for Genco, Walden, SLH and SLS.

Loans and Security

7. Maynbridge provided a loan in a single advance in the principal amount of $18,000,000 (the "**Loan**") to Genco and Walden (collectively, the "**Borrower**") pursuant to a Credit Agreement dated December 22, 2017 (the "**Credit Agreement**").

8. Pursuant to the Credit Agreement, the performance of the Borrower's obligations thereunder were guaranteed, jointly and severally, by SLH and SLH2 (collectively, the "**Corporate Guarantors**") and by Bedi, Tatla and Hans, in their personal capacity (collectively, the "**Individual Guarantors**") (the Corporate Guarantors and the Individual Guarantors are collectively referred to herein as the "**Guarantors**").

9. The Loan was secured by various security agreements and a collateral mortgage, including without limitation as follows:

(a) General Security Agreements dated December 22, 2017 granted by Genco and Walden, respectively, to Maynbridge (the "**Genco GSA**" and the "**Walden GSA**", respectively) pursuant to which each of Genco and Walden pledged

(i) all of its present and after acquired personal property, except any consumer goods, and

(ii) a floating charge over all of its interest in personal, real, immovable and leasehold property, including without limitation, all fixtures, crops and improvements, both present and future

as collateral security for all outstanding obligations owed by Genco and Walden, respectively, to Maynbridge;

(b) Collateral Mortgage dated December 22, 2017 (the "**Collateral Mortgage**") pursuant to which the Borrower pledged a collateral mortgage to Maynbridge in the principal amount of $18,000,000 and registered over the following real properties:

(i) CONDOMINIUM PLAN 1711606
UNITS 1, 6, and 7
AND ALL APPLICABLE UNDIVIDED ONE TENTH THOUSANDTHS SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS
(the "**Walden Lands**"),

(ii) CONDOMINIUM PLAN 9410576
UNITS 1 – 6, INCLUSIVE
AND ALL APPLICABLE UNDIVIDED ONE TENTH THOUSANDTH SHARES IN THE COMMON PROPERTY
EXCEPTING THEREOUT ALL MINES AND MINERALS, and

(iii) PLAN A1
BLOCK 33
THE NORTH HALVES OF LOTS 1 AND 2 AND ALL OF LOTS 3 AND 4

(the lands described in subparagraphs 9(b)(ii) and 9(b)(iii) herein are collectively referred to as the "**Genco Lands**");

(c) General Assignment of Rents and Leases dated December 22, 2017 in respect of the Walden Lands and the Genco Lands; and

(d) Guarantee and Indemnity dated December 22, 2017 (the "**Guarantee**") pursuant to which the Corporate Guarantors and the Individual Guarantors unconditionally guaranteed all obligations owed by the Borrower to Maynbridge

(collectively, the "**Security**").

10. Among other things, the Security provided that the Borrower would reimburse Maynbridge for all costs and expenses, including legal fees on a solicitor and his own client, full indemnity basis, incurred by Maynbridge in the protection or enforcement of the rights, remedies and powers of Maynbridge thereunder.

Guarantee

11. The Guarantee among other things, provides that:

(a) The Guarantors unconditionally guarantee payment of the Borrower's obligations to Maynbridge;

(b) The Guarantors unconditionally indemnify the Maynbridge against any cost, loss, damage, expense or liability suffered by Maynbridge as a result of the Borrower's failure to pay its obligations when due;

(c) The Guarantee is in addition to and not in any way prejudiced by or merged with any other guarantee, indemnity or security at any time held by Maynbridge;

(d) All indebtedness and liabilities of the Borrower to the Guarantors or any of them is assigned to Maynbridge and postponed to the liabilities owed to the Guarantors, and all monies received by the Guarantors is received in trust for Maynbridge and is forthwith required to be paid to Maynbridge; and

(e) The Guarantors waive any right they may have of requiring Maynbridge to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantors under the Guarantee.

Defaults

12. The Borrower has defaulted under the terms of the Credit Agreement and the Security, including without limitation, as follows:

    (a) The Borrower has failed to repay balances due and owing under the Loan as they come due; in particular, the Borrower has failed to make payment in the amount of $138,082.19, due on March 1, 2019;

    (b) Walden has granted a mortgage over the Walden Lands in favour of a third party without obtaining the prior written consent of Maynbridge;

    (c) Genco had granted a subsequent mortgage and/or a land charge over all its real property, including the Genco Lands, in favour of third parties without obtaining the prior written consent of Maynbridge;

    (d) Walden has permitted the accrual of substantial property tax arrears with respect to the Walden Lands;

    (e) The Borrower, the Corporate Guarantors and the Individual Guarantors have failed to meet their financial reporting covenants including, *inter alia*, with respect to provision of:

        (i) financial information of the Borrower, the Corporate Guarantors and the Individual Guarantors, and

        (ii) updated environmental and remedial reports, and geotechnical report, respecting the Walden Lands; and

    (f) A receiver has been appointed over certain of Genco's real property on March 22, 2019.

13. As a result of the events of default, on or about February 28, 2019, Maynbridge demanded repayment of the Loan from the Borrower and the Guarantors.

14. On or about March 1, 2019, Maynbridge issued Notices of Intention to Enforce Security pursuant to Section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, to each of Genco and Walden.

15. All of the Defendants have failed, neglected or refused to repay the Loan to Maynbridge. As of March 25, 2019, the Defendants owed Maynbridge a total of $18,257,346.29 (the "**Indebtedness**"), together with legal fees, other chargeable costs and interest continuing to accrue thereon.

16. Maynbridge states and the fact is that the entire sum of $18,257,346.29, together with legal fees, other chargeable costs and interest continuing to accrue thereon is a just debt properly due and owing by the Defendants to Maynbridge.

17. Ernst & Young Inc. has consented to act as the receiver and manager of the Borrower.

18. Maynbridge requests that the trial of this action be held at the Calgary Courts Centre, in the City of Calgary, in the Province of Alberta, and is expected to take no more than 25 days.

Remedy sought:

19. The Plaintiff, Maynbridge, seeks:

(a) Judgment in the amount of $18,257,346.29, together with interest, costs and fees continuing to accrue;

(b) A declaration that the Defendants are in default of payment of the outstanding Indebtedness;

(c) A declaration that the Security and other security held by the Plaintiff in support of the Loan or the obligations of the Defendants, have become enforceable, that any floating charge security created thereby has crystallized and become specifically charged against all the property, assets and undertakings of the Borrower and that such security constitutes valid and enforceable security in accordance with the terms thereof;

(d) A declaration that the Guarantee has become enforceable and that such Guarantee constitutes valid and enforceable security in accordance with the terms thereof;

(e) Interest pursuant to the Credit Agreement, the Security or other security held by the Plaintiff, as the case may be, or, in the alternative, pursuant to the *Judgment Interest Act*, RSA 2000, c J-1;

(f) A declaration that the principal, interest and other monies thereby secured by the Security have become due and payable;

(g) The appointment of a Receiver or a Receiver and Manager over the property, assets and undertaking of the Borrower, pursuant to the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and the *Judicature Act*, RSA 2000, c J-2;

(h) Costs on a solicitor and his own client basis; and

(i) Such further and other relief as this Honourable Court may see fit to allow.

NOTICE TO THE DEFENDANT

You only have a short time to do something to defend yourself against this claim:

20 days if you are served in Alberta

1 month if you are served outside Alberta but in Canada

2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Calgary, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff's address for service.

WARNING

If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff against you.