

IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Fox Island Development Ltd. v. Kensington
Union Bay Properties Nominee Ltd.*,
2026 BCSC 441

Date: 20260224
Docket: S240493
Registry: Vancouver

Between:

**Fox Island Development Ltd. and
Advanced Venture Holding Co., Ltd.**

Petitioners

And:

**Kensington Union Bay Properties Nominee Ltd. (formerly known as
34083 Yukon Inc.), Kensington Union Bay Properties Limited Partnership,
Kensington Union Bay Properties GP Ltd., International Trade Center
Properties Ltd., Sunwins Enterprise Ltd., Mo Yeung Ching also known as
Michael Ching, Mo Yeung Properties Ltd., SFT Digital Holdings 30 Ltd.,
Hotel Versante Ltd., Beem Credit Union, Morteq Lending Corp., Chun Yu Liu,
1307510 B.C. Ltd., Jeffrey Rauch, Heung Kei Sung, and RCC Holdings Ltd.**

Respondents

Before: The Honourable Madam Justice Fitzpatrick

Oral Reasons for Judgment

In Chambers

Counsel for the Receiver, Deloitte
Restructuring Inc.:

J.R. Sandrelli
C. Federico

Counsel for the Petitioners:

C.D. Brousson

Counsel for 1036524 B.C. Ltd.:

P.J. Reardon

Place and Date of Hearing:

Vancouver, B.C.
February 24, 2026

Place and Date of Judgment:

Vancouver, B.C.
February 24, 2026

[1] **THE COURT:** The present application filed February 19, 2026 relates to certain trademark rights and what are defined as “Digital Accounts”, that relate to the operation of the “Hotel Versante” located in Richmond, BC (the “Hotel”), which is the subject matter of this receivership proceeding. The application has been scheduled today on short notice given the urgency in respect of the relief sought in light of a pending sale of the Hotel to a company associated with the petitioners.

Background

[2] This receivership began on March 4, 2025 when I granted an order appointing Deloitte Restructuring Inc. as the receiver (the “Receiver”). I became the supervising judge and since then, I have had carriage of the various hearings relating to this matter.

[3] The receivership order, in the usual fashion, follows BC’s model order and includes a broad stay of proceedings against the debtor companies (International Trade Center Properties Ltd. and Hotel Versante Ltd.) and their assets, save and except with the approval of the court or written consent of the Receiver.

[4] On April 2, 2025, the receivership order was amended, resulting in the granting of the Amended and Restated Receivership Order (“ARRO”). The ARRO equally included the broad stay provisions that I have outlined.

[5] The ownership and operation of the Hotel has been a matter of many applications in this proceeding and it is unquestionably complex. Mo Yeung Ching, also known as Michael Ching, was the driving force behind the development of the Hotel and the related properties, and he directed those efforts on behalf of the various corporate entities. He was certainly at the helm when the receivership began. Mr. Ching’s daughter, Linda Ching, has also been involved in this proceeding since the time of the receivership, given her various business interests, corporate and otherwise, and her involvement in the management of the Hotel.

[6] In January 2024, this foreclosure proceeding began, arising from the debtor companies’ default in their lending arrangements with the petitioners. From the

outset, the petitioners have raised various concerns regarding the degree of co-operation, if not interference, by Mr. Ching in the petitioners' attempts to enforce their security, including during this receivership.

[7] Mr. Ching's actions within the context of this receivership has also at times posed issues to the Receiver. I do not intend to delve into the details of those events save to say that the Receiver and the petitioners have been challenged by various aspects of Mr. Ching's positions and actions taken within the course of this proceeding.

The Application

[8] On notice to Mr. Ching, Ms. Ching and 1036524 B.C. Ltd. ("103 BC"), the Receiver seeks the following relief:

- a) A Declaration that the Termination Notice, as defined below, constitutes a violation of the stay of proceedings provisions of the Receivership Order, and accordingly, that the Termination Notice is of no force or effect.
- b) A Declaration that the Digital Accounts, as defined below, form part of the "Purchased Assets" as defined in the Approval and Vesting Order and 148 Purchase Agreement, each as defined below; and
- c) An Order compelling the transfer of full administrative access and control over the Digital Accounts, as defined below, to the Receiver.

Discussion

[9] As stated above, this application concerns certain trademark rights and also the Digital Accounts relating to the Hotel.

[10] The Trademark Agreement dated August 1, 2021 was the subject of comment by the Receiver very early in these proceedings. In the Receiver's First Report dated March 31, 2025 at para. 50, the Receiver referred to a Trademark Agreement between 1036524 B.C. Ltd. ("103 BC") and Hotel Versante Ltd. that related to the use of the name "Versante Hotel" (the "Trademark"). At para. 55, the Receiver also stated:

Although certain aspects of the Trademark Agreement and the Monitoring Agreement are likely now unenforceable give[n] the stay of proceedings and

the terms of the Receivership Order, they nonetheless create additional confusion surrounding the Hotel and the various agreements that would apply, or not, to a potential purchaser. Moreover, it is unclear to the Receiver what consideration was received by ITCP, Hotel Versante or RCC for the Monitoring Agreement and its purpose. Finally, although there may be reasonable justification, it is unclear to the Receiver why 103 BC would own the “Hotel Versante” trademark in the first place.

[11] The ownership of 103 BC is unknown at this point, although it has clearly been controlled by Mr. Ching and/or Ms. Ching throughout the course of this proceeding. Both have served as directors or officers at various times. By all accounts, Mr. Ching has been behind 103 BC in some shape or form and has been directing matters on its behalf from the beginning (along with the very many other corporate entities that he owns and/or controls).

[12] The next step in this proceeding as it relates to the Trademark, the Trademark Agreement and the Digital Accounts relates to the sale of the Hotel.

[13] In October 2025, I approved a sale of the Hotel to Citation Property Holdings Limited (“Citation”). That transaction had many missteps and ultimately did not close as initially intended. On December 17, 2025, I granted an order approving a sale of the Hotel to 1483810 B.C. Ltd. (“148 BC”), an affiliate of the petitioners, to stand as a “back-up” bid in the event that the Citation transaction did not close as required under the contract extension. The sale to 148 BC involved the application of a “credit bid” by the petitioners with respect to their significant secured debt.

[14] Citation failed to close its transaction by the extended closing date of January 30, 2026. As a result, the Receiver terminated the sale agreement. On January 30, 2026, the Receiver notified the parties on the service list of that fact and that the Receiver was now proceeding toward a closing of the transaction with 148 BC.

[15] I will emphasize again that Mr. Ching has been involved throughout these receivership proceedings since spring 2025 and has actively participated at various hearings on various issues. He is on the service list. He has continued to be very

much involved throughout the various sale applications, including when I granted the order approving the sale to 148 BC on December 17, 2025.

[16] The terms of the sale to 148 BC are clear. Pursuant to the sale agreement, as approved by my order dated December 17, 2025, 148 BC is acquiring substantially all of the Debtors' interests in the Hotel (defined as the "Purchased Assets"), which includes the Debtors' intellectual property. "Intellectual Property" is defined in the sale agreement:

"Intellectual Property" means all trademarks, trade names, business names, service names, copyrights, patents, technology rights, inventions, computer software, social media accounts, internet protocol addresses and domain names associated with the business of the Debtors including, trade secrets, know-how, industrial designs and other industrial or intellectual property and all applications therefor including, all licences or similar rights used by or granted to the Debtors in connection therewith.

[17] The 148 BC sale agreement also provides that 148 BC may compel the Receiver to assign Hotel Versante Ltd.'s interest in the Trademark Agreement to it. That right was exercised in advance of the closing and was to be included in the sale documentation.

[18] In advance of the closing of the sale, and pursuant to the 148 BC sale agreement, the Receiver sought to obtain full administration access and control over the Digital Accounts, being various online platforms, such as booking sites, Google Workspace and social media accounts.

[19] The specific timeline of the events relating to the Trademark, the Trademark Agreement and the Digital Accounts leading to this application begins on February 4, 2026.

[20] On February 4, 2026, Mr. Ching sent a termination notice to the Receiver on behalf of 103 BC purporting to give notice that the Trademark Agreement was to terminate within 60 days, with an effective date of March 31, 2026 (the "Notice"). Section 2.2(b) of the Trademark Agreement provides that 103 BC may terminate the

agreement if Hotel Versante Ltd. becomes insolvent or a receiving order is filed against it.

[21] The Notice, for obvious reasons, caused considerable consternation to the Receiver and the petitioners given that the operation of the Hotel inherently relies on the fact that it is called “Hotel Versante” and that all of its branding has been done around that name, presumably pursuant to the Trademark Agreement.

[22] In support of this application, the Receiver filed its Second Supplement to the Fourth Report dated February 19, 2026. At pp. 6-7, the Receiver describes how the Intellectual Property and Digital Accounts are critical to the operations of the Hotel and that there would be risks, including operational disruption and interruption of booking and payment functionality, if the Hotel was unable to retain control of these assets. In addition, the Receiver was contracted to transfer control of these assets to 148 BC as the purchaser of the Hotel.

[23] In its notice of application, the Receiver describes the critical nature of the Digital Accounts:

The Intellectual Property, as defined in the 148 Purchase Agreement, is closely integrated with the Digital Accounts, and in many instances, is accessed and controlled through the Digital Accounts. Further, the Digital Accounts are critical to the Hotel’s ongoing operations, because they support, *inter alia*, reservations and room inventory management, third-party booking channels, guest communications and marketing, online reputation and reviews, digital workplace collaboration, and accounting and financial processing.

[24] This above statement is not a challenging concept to understand in today’s day and age. Control of digital assets, particularly those accessed through the internet, is how many businesses operate and clearly how this business operates. It is not difficult at all to understand that the use of the name “Hotel Versante”, the branding that has been done around that name and the use of the Digital Accounts that the Hotel’s employees use to operate the Hotel, can be described as “critical”.

[25] Accordingly, 103 BC's Notice delivered on February 4, 2026 was met with some concern, and rightly so. What followed, beginning on February 9, 2026, was the Receiver's attempt to address the matter.

[26] The Receiver immediately pointed out to Mr. Ching and his counsel, Mr. Wong, that the purported termination under the Notice was a violation of the stay under the ARRO.

[27] Also on February 9, 2026, the Receiver confirmed that the Intellectual Property was to be transferred to 148 BC and requested that Mr. and Ms. Ching transfer all login credentials and administration access of the Digital Accounts to the Receiver to allow the Hotel's operations to continue in the receivership and to allow the Receiver to transfer such access to 148 BC as part of the approved sale. The Receiver understood that Ms. Ching had primary administrative access to most of the Digital Accounts and that Mr. Ching also had control of certain of the Digital Accounts.

[28] On February 11, 2026, Mr. Wong responded to the Receiver. Also, on February 11, 2026, Ms. Ching resigned as marketing director of the Hotel and at a meeting the next day, Ms. Ching began cooperating with the Receiver to disclose and transfer all access information to the Digital Accounts she controlled.

[29] On February 13, 2026, the Receiver requested that Mr. Ching transfer administrative access and control of Google Workspace, an account which the Receiver understood is a critical component of the ability to operate the Hotel.

[30] On February 16, 2026, Mr. Ching responded to the Receiver concerning the Digital Accounts. In that communication, Mr. Ching advised the Receiver that he was concerned about giving up control or sole control of the Digital Accounts that he controlled for various reasons. He indicated that access would only be provided once the Trademark was removed from the Hotel in accordance with the Notice.

[31] On February 19, 2026, the Receiver's notice of application was filed.

[32] In the midst of these ongoing discussions, and prior to the notice of application being filed, 103 BC retained new insolvency counsel, who began to facilitate a resolution. Ultimately, agreement was reached between the parties, such that no one opposed the granting of the relief sought by the Receiver, provided that a further paragraph in the court order was added.

[33] The agreed upon relief is as follows:

- a) The Notice is declared to be a violation of a stay of proceedings under the ARRO and there is a declaration that the termination is of no force and effect, and the Trademark Agreement remains in full force and effect. This preserves the Trademark Agreement and will allow 148 BC to continue to use “Hotel Versante” in the course of its operation of the Hotel after the sale closes;
- b) All log-in credentials, passwords, user names and the like with respect to the Digital Accounts are declared to be assets of Hotel Versante Ltd. and the subject of the purchase and sale agreement between the Receiver and 148 BC;
- c) Mr. Ching, Ms. Ching, and 103 BC, and any other person having control over the Digital Accounts, are to deliver, transfer, and provide the Digital Accounts to the Receiver so that the Receiver can assume full administrative access to the Digital Accounts to effect the transfer to 148 BC; and
- d) The added provision in para. 5 reads:

Nothing in this order is intended to transfer or compel the transfer of the Licensed Marks themselves as such term is defined in the Trademark Agreement nor modify the terms of the Trademark Agreement and the rights of the parties thereto and thereunder are hereby preserved subject to any further Order of this Court or any other court of competent jurisdiction may make.

[34] 103 BC's counsel on this application asserts that much of the relief in the court order was agreed to after the notice of application was filed, suggesting that this order was not necessary. He also states that the agreement concerning the Google Workspace account was not reached until yesterday when the parties agreed to the addition of para. 5 to preserve the rights of the parties. Mr. Ching had earlier expressed a concern that by transferring control of the Google Workplace account, it would somehow compromise 103 BC's rights under the Trademark Agreement.

[35] Nevertheless, the Receiver decided to confirm the relief in a court order to avoid any potential issues with not only the Trademark Agreement and the Digital Accounts, but also any accounts not already identified, so as avoid any uncertainty in terms of the assets to be transferred to 148 BC on the sale closing.

Costs

[36] The contested aspect of this application relates to costs.

[37] The Receiver seeks solicitor-and-client costs against 103 BC, as they relate to the Receiver's efforts to deal with this issue from February 9, 2026 to today's date. As stated, February 9, 2026 was the date when the Receiver began responding to Mr. Ching regarding the Notice and began addressing the specifics of the issues relating to the Digital Accounts.

[38] Similarly, the petitioners seek their solicitor-and-client costs for their efforts and over the same timeframe. The petitioners' counsel states that his clients were not as involved as the Receiver in dealing with this matter although they did, as the major secured creditor and potential purchaser, have some cause to address it.

[39] On the latter point, the petitioners' counsel points out that the delivery of the Notice caused a significant disruption to the closing of the sale of the Hotel to 148 BC. The original closing date was February 11, 2026 but, in light of the Notice, closing the sale in the face of that uncertainty was not possible. Again, it appears to be uncontroversial that access to all of Digital Accounts, including Google

Workspace, was critical to the Hotel's operations. 148 BC and the Receiver settled upon a new closing date of February 19, 2026, however, since the matter was not yet resolved by then (the notice of application was only filed that day), the closing date was again delayed. I understand that the closing is now scheduled for February 26, 2026.

[40] Both the Receiver and the petitioners argue that Mr. Ching's actions on behalf of 103 BC and also Mr. Ching's actions personally (as the person holding control to some of the Digital Accounts), have been deliberate and purposeful toward interfering in the sale to 148 BC. The petitioners' counsel emphasizes that there is no way that 148 BC could have assumed ownership of the Hotel with Mr. Ching having any involvement, given his history in this matter. The petitioners feared that Mr. Ching would have had the potential to interfere in the future.

[41] I would note at this point that Mr. Ching, since the time of the receivership, was not involved in the Hotel's operations. This brings me back to the Receiver's comment in its First Report about 103 BC's ownership of the Trademark, leading to the further question as to why Mr. Ching would deliver the Notice in early February 2026 concerning the Trademark that relates to the operation of the Hotel given that his involvement ended some time ago. On the costs issue, 103 BC's counsel argues that Mr. Ching did not wish to give up control of the Google Workspace account in particular, referring to the possibility that Mr. Ching might wish at some point to create another "Hotel Versante" and that he may wish to use the Google Workspace platform for that purpose. With all due respect, I find that a fanciful submission in the circumstances, and I would not give it any consideration in terms of addressing the costs issue.

[42] I appreciate that 103 BC's new counsel's involvement did ultimately facilitate a resolution of this matter. However, in my view, the Receiver, and the petitioners to a lesser degree, have acted appropriately in terms of wrestling this issue to the ground in light of the critical nature of these assets and the fact that it was

impossible to proceed with any sale without having resolved these issues in some way, shape, or form.

[43] I also accept the Receiver and the petitioners' submissions that, in the circumstances here, the only certainty that could be achieved was through a court order.

[44] Having considered the overall context and circumstances and the submissions of counsel, I find that Mr. Ching's actions, beginning on February 4, 2026, both personally and on behalf of 103 BC, were designed to interfere in the looming sale to 148 BC, which Mr. Ching knew was due to close in a week. His actions can only be viewed as a deliberate attempt to throw a wrench in those efforts. For what purpose I have no idea, but it is not inconsistent with some of his earlier positions in this matter, which have been found to be unjustified.

[45] I am exercising my discretion to award solicitor-and-client costs to both the Receiver and the petitioners against 103 BC (neither sought a costs award against Mr. Ching or Ms. Ching). Those costs will be in relation to steps taken by either the Receiver or the petitioners beginning on February 9, 2026 and ending on this date, and they will only relate to this issue raised on this application and not any other issue that might have been addressed by them in that timeframe. In the usual course, the costs will be assessed before the Registrar.

"Fitzpatrick J."