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**COURT** COURT OF QUEEN'S BENCH OF ALBERTA

**JUDICIAL CENTRE** CALGARY

**DOCUMENT** FOURTH REPORT OF THE TRUSTEE OF PLUMB-LINE GROUP HOLDINGS, INC., PLG CORPORATE SERVICES INC., PLG RESIDENTIAL SERVICES INC., CON-FORTE CONTRACTING COMPANY INC., SAS-CAN MASONRY AND RESTORATION INC. AND ASTY CONSTRUCTION INC.

**DATED JUNE 11, 2015**

**PREPARED BY DELOITTE RESTRUCTURING INC.**

**ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT**

Field LLP  
400 – 604 1<sup>st</sup> Street SW  
Calgary, AB T2P 1M7  
Attention: Douglas S. Nishimura

Telephone/Facsimile: 403-260-8500/ 403-264-7084

Email: DNishimura@fieldlaw.com

# Table of contents

Introduction and Background .....	1
Introduction .....	1
Notice to Reader .....	1
Court Proceedings .....	2
The Settlements .....	4
Aman Settlement No. 1 .....	4
Aman Settlement No. 2 .....	5
The Concure Settlement .....	5
Volker Stevin Settlement .....	6
Penalta Settlement .....	6
Bird Settlement .....	7
The North Star Claim .....	9
Statement of Receipts and Disbursements .....	10
The Allocation .....	12
Distributions and priority and secured creditor claims .....	13
Distributions .....	13
Priority and Secured Creditor Claims .....	14
Conclusion .....	15

## SCHEDULES

Schedule 1	Consolidated Interim Statement of Receipts and Disbursements for the period ended June 10, 2015
Schedule 2	Net Receipts, Disbursements and Estimated Distributions as at June 10, 2015

# Introduction and Background

## Introduction

1. PLG Corporate Services Inc. (“PLG Corporate”), PLG Residential Services Inc. (“PLG Residential”), Con-Forte Contracting Company Inc. (“Con-Forte”), Sas-Can Masonry and Restoration Inc. (“SMRI”) and Asty Construction Inc. (“Asty”, collectively the “PLG Companies”) made assignments in bankruptcy on October 16, 2013 and Plumb-Line Group Holdings Inc. (“PLG Holdings”) made an assignment in bankruptcy on October 18, 2013. The PLG Companies and PLG Holdings will collectively be referred to as the “PLG Group” or the “Companies”. Deloitte Restructuring Inc. was appointed as Trustee of the bankrupt estates of the PLG Group (the “Trustee”). Documents related to the ongoing administration of these bankruptcies are available on the Trustee’s website at [www.insolvencies.deloitte.ca](http://www.insolvencies.deloitte.ca).
2. When SMRI made a voluntary assignment in bankruptcy, the company name was erroneously listed as Sas-Can Masonry Ltd. (“SML”). SML was the predecessor company to SMRI and was struck from the Alberta corporate registry on October 2, 2012. On November 27, 2013, the Court of Queen’s Bench of Alberta (the “Court”) granted an Order (the “November 27 Order”) deeming SMRI to have made the assignment in bankruptcy and amending the name on the Certificate of Assignment issued on October 16, 2013 from SML to SMRI. The November 27 Order further deemed the first meeting of creditors held on November 4, 2013 to have been held in respect of SMRI and not SML.
3. The PLG Group operated in the construction industry, completing commercial concrete construction forming, residential concrete work, sidewalk curb and gutter construction, and masonry, brick and stone construction services.

## Notice to Reader

4. In preparing this report, the Trustee has relied on unaudited financial information of the Companies, the books and records of the PLG Group and discussions with the Companies’ former employees, interested parties and stakeholders. The Trustee has not performed an independent review or audit of the information provided.

## Court Proceedings

5. The activities of the Trustee leading up to the most recent Court application held on November 24, 2014 (the “November 24 Application”) are described in details in the First Report of the Trustee dated December 10, 2013, the Second Report of the Trustee dated April 29, 2014 and the Third Report of the Trustee dated November 12, 2014. At the November 24 Application, the Court approved the settlement of accounts receivable between the following parties in respect of which the Trustee had registered liens under the *Builders’ Lien Act* (the “BLA”):
  - 5.1 SMRI and ITC Residential AB 1 Inc.;
  - 5.2 SMRI and the Tekton Construction Ltd.;
  - 5.3 Con-Forte and Executive Flight Centre Developments Ltd.;
  - 5.4 Con-Forte and Ashton Luxury Living Inc.; and
  - 5.5 Con-Forte and Norcal Construction Inc.
6. This report represents the Fourth Report of the Trustee (the “Fourth Report”). The Fourth Report is being filed in support of the Trustee’s application on June 17, 2015 at which they are seeking the following relief:
  - 6.1 Approval of the reported actions of the Trustee to date in administering the bankruptcy proceedings for each of the PLG Companies;
  - 6.2 Approval of the following settlements of accounts receivable in respect of which the Trustee registered liens under the BLA (collectively, the “Settlements”):
    - 6.2.1 The settlement between Con-Forte and Aman Building Corporation (“Aman”) in the amount of \$287,473, as further described herein (the “Aman Settlement No. 1”);
    - 6.2.2 The settlement between SMRI and Aman in the amount of \$38,000, as further described herein (the “Aman Settlement No. 2”);
    - 6.2.3 The settlement between Con-Forte and Concure Restoration Inc. (“Concure”) in the amount of \$17,000, as further described herein (the “Concure Settlement”);
    - 6.2.4 The settlement between Con-Forte and Volker Stevin Contracting Ltd. (“Volker Stevin”) in the amount of \$15,000 as further described herein (the “Volker Stevin Settlement”);
    - 6.2.5 The settlement between Con-Forte and Penalta Group Ltd. (“Penalta”) in the amount of \$245,000 as further described herein (the “Penalta Settlement”); and
    - 6.2.6 The settlement between Con-Forte and Bird Construction (“Bird”) in the amount of \$46,873 as further described herein (the “Bird Settlement”);

- 6.3 Approval of the Consolidated Interim Statement of Receipts and Disbursements for the period ended June 10, 2015 (the “June 10 R&D”);
- 6.4 Approval of the allocation of disbursements between the various entities within the PLG Group as further described herein (the “Allocation”); and
- 6.5 Approval of distributions to Canada Revenue Agency (“CRA”) up to the total amount of their deemed trust claims for employee source deductions against each of the PLG Companies and of distributions to Human Resources and Skills Development Canada (“HRDC”) up to the total of their super-priority claim under the Wage Earner Protection Plan, as further described herein.

# The Settlements

## Aman Settlement No. 1

7. At the date of bankruptcy, Con-Forte's books and records reported an account receivable totaling \$735,849 due to Con-Forte from Aman (the "Aman-Con-Forte Receivable"). The Aman-Con-Forte Receivable related to a project known as Hampton & Homewood Suites Hotel (the "Hampton Project") for which Aman acted as the general contractor.
8. The Trustee registered builders' liens on behalf of Con-Forte totalling \$735,849 plus costs, interest and applicable taxes against the Hampton Project (the "Aman-Con-Forte Liens"). Following the filing of the Aman-Con-Forte Liens, they were determined to be duplicates of liens that had been previously filed by Con-Forte and, as such, were discharged.
9. Sub-liens against the Hampton Project were also filed by D&D Exterior Contracting Ltd. in the amount of \$58,212, Burnco Rock Products Ltd. in the amount of \$5,964, Ultimate Edge Concrete Inc. in the amount of \$84,794 and Doka Canada Ltd. in the amount of \$103,870 (the "Aman-Con-Forte Sub-liens").
10. A Court Order was granted on September 6, 2013 (prior to the date of bankruptcy) pursuant to which \$715,356, plus a 10% allowance for costs, interest and applicable taxes, for a total of approximately \$786,892, was deposited with the Clerk of the Court as security for the Aman – Con-Forte Liens and the Aman-Con-Forte Sub-Liens (the "September 6 Order"). Although the Aman – Con-Forte Liens were discharged based on the September 6 Order, Con-Forte's records indicated that the amount due for work done on the Hampton Project was \$735,849 and not \$715,356.
11. Aman disputed the amount of the Aman – Con-Forte Receivable alleging various set-off and deficiency claims. Following negotiations between the Trustee and Aman, both parties agreed to a settlement whereby \$287,473 would be paid to Con-Forte (defined above as the "Aman Settlement No. 1"). The Aman Settlement No. 1 is conditional upon Court approval of the Aman Settlement No. 1 and the Aman Settlement No. 2 and the execution of releases.
12. The Aman Settlement No. 1 was approved by the estate inspectors on May 28, 2015.
13. As noted above, the Trustee is seeking approval of the Aman Settlement No. 1 as well as an Order stating that the priorities of the funds payable pursuant to the Aman – Con-Forte Lien are to be determined in accordance with the priorities set forth in the *Bankruptcy and Insolvency Act* (the "BIA") and the *Income Tax Act* (the "ITA"), which would result in any priority claimants and PNC Bank

Canada (“PNC”), the Companies’ primary secured lender, being paid in priority to the sub-lienholders.

## **Aman Settlement No. 2**

14. At the date of bankruptcy, SMRI reported an outstanding account receivable of \$103,100 due to SMRI from Aman (the “Aman – SMRI Receivable”). The Aman - SMRI Receivable also related to the Hampton Project.
15. The Trustee registered a builder’s lien in the amount of \$103,100 against the Hampton Project (the “Aman – SMRI Lien”). A sub-lien against the Hampton Project was also filed by Brock White Canada Ltd. in the amount of \$32,579 (the “Aman – SMRI Sub-Lien”).
16. The Aman – SMRI Lien and the Aman – SMRI Sub-lien were discharged from title pursuant to a Court Order granted on November 27, 2013 pursuant to which \$103,100, plus a 10% allowance for costs, interest and applicable taxes, for a total of \$113,410, was deposited with the Clerk of the Court as security for the Aman – SMRI Lien and the Aman – SMRI Sub-Lien.
17. Aman alleged various set-off and deficiency claims. Following negotiations between the Trustee and Aman, both parties agreed to a settlement pursuant to which approximately \$38,000 would be paid to SMRI (defined above as the “Aman Settlement No. 2”). The Aman Settlement No. 2 is conditional on Court approval of both the Aman Settlement No. 1 and the Aman Settlement No. 2 and the execution of releases.
18. The Aman Settlement No. 2 was approved by the estate inspectors on May 28, 2015.
19. As noted above, the Trustee is seeking approval of the Aman Settlement No. 2, as well as an Order stating that the priorities of the funds payable pursuant to the Aman – SMRI Lien are to be determined in accordance with the priorities set forth in the BIA and the ITA, which would result in any priority claimants and PNC being paid in priority to the sub-lienholders.

## **The Concure Settlement**

20. At the date of bankruptcy, Con-Forte’s books and records reported an outstanding account receivable of approximately \$39,869 due to Con-Forte from Concure (the “Concure Receivable”). The Concure Receivable related to a project known as Talisman Dive Platform (the “Talisman Project”) for which Concure acted as the general contractor.
21. The Trustee registered a builder’s lien in the amount of approximately \$38,869 against the Talisman Project (the “Concure Lien”). A sub-lien against the Talisman Project was also filed by Ultimate Edge Concrete Inc. in the amount of \$5,281 (the “Concure Sub-lien”).
22. Concure disputed the amount of the Concure Receivable alleging various set-off and deficiency claims. Following negotiations between the Trustee and Concure, both parties agreed to a

settlement pursuant to which \$17,000 would be paid to Con-Forte (defined above as the “Concure Settlement”). The Concure Settlement is conditional on Court approval, the execution of releases and the discharge of the Concure Lien and the Concure Sub-Lien.

23. The Concure Settlement was approved by the estate inspectors on May 28, 2015.
24. As noted above, the Trustee is seeking approval of the Concure Settlement as well as an Order stating that the priorities of the funds payable pursuant to the Concure Lien are to be determined in accordance with the priorities set forth in the BIA and the ITA, which would result in any priority claimants and PNC being paid in priority to the sub-lienholders.

### **Volker Stevin Settlement**

25. At the date of bankruptcy, Con-Forte’s books and records reported an outstanding account receivable of \$55,261 due to Con-Forte from Volker Stevin (the “Volker Stevin Receivable”). The Volker Stevin Receivable related to a project known as Inland Spy Hill Batch Plant (the “Inland Project”) for which Volker Stevin acted as the general contractor.
26. The Trustee registered a builder’s lien in the amount of approximately \$55,261 against the Inland Project (the Volker Stevin Lien”). A sub-lien against the Inland Project was also filed by Finwall Site Services Ltd. in the amount of \$1,780 (the “Volker Stevin Sub-Lien”).
27. Volker Stevin disputed the amount of the Volker Stevin Receivable alleging various set-off and deficiency claims. Following negotiations between the Trustee and Volker Stevin, both parties agreed to a settlement pursuant to which \$15,000 would be payable to Con-Forte (defined above as the “Volker Stevin Settlement”). The Volker Stevin Settlement is conditional upon Court approval, the execution of releases and the discharge of the Volker Stevin Lien and the Volker Stevin Sub-Lien.
28. The Volker Stevin Settlement was approved by the estate inspectors on May 28, 2015.
29. As noted above, the Trustee is seeking approval of the Volker Stevin Settlement as well as an Order stating that the priorities of the funds payable pursuant to the Volker Stevin Lien are to be determined in accordance with the priorities set forth in the BIA and the ITA, which would result in priority claimants and PNC being paid in priority to the sub-lienholders.

### **Penalta Settlement**

30. At the date of bankruptcy, Con-Forte’s books and records reported an outstanding account receivable of approximately \$323,695 due to Con-Forte from Penalta (the “Penalta Receivable”). The Penalta Receivable related to a project known as the Staybridge Hotel in Edmonton (the “Staybridge Project”) for which Penalta acted as the general contractor.



31. The Trustee registered a builder's lien in the amount of approximately \$323,695 against the Staybridge Project (the "Penalta Lien"). Sub-liens against the Staybridge Project were filed by Trades Labour (Edmonton) Corporation in the amount of \$65,568, A&B Concrete Pumping (2007) Ltd. in the amount of \$10,137 and Burnco Rock Products Ltd. in the amount of \$60,466 (the "Penalta Sub-Liens").
32. The Penalta Lien was discharged from title pursuant to a Court Order granted on November 14, 2013 pursuant to which approximately \$323,695, plus a 10% allowance for costs, interest and applicable taxes, for a total of approximately \$356,066, was deposited with the Clerk of the Court as security for the Penalta Lien.
33. Following a further review of Con-Forte's records, it was determined that Penalta had made a payment of approximately \$16,798, which had not been reflected in Con-Forte's records. The balance of \$306,897 due pursuant to the Penalta Receivable remained outstanding.
34. Penalta disputed the amount of the Penalta Receivable alleging various set-off and deficiency claims. Following negotiations between the Trustee and Penalta, both parties agreed to a settlement pursuant to which \$245,000 of the funds held in trust would be released to Con-Forte (defined above as the "Penalta Settlement"). The Penalta Settlement is conditional upon Court approval and the execution of releases.
35. On June 26, 2014, the estate inspectors provided a blanket approval for all settlements recommended by the Trustee where the settlement involved a discount of less than 50% and the value of each account receivable did not exceed \$1.0 million (the "Blanket Settlement Approval"). The Penalta Settlement meets the requirement of the Blanket Settlement Approval.
36. As noted above, the Trustee is seeking approval of the Penalta Settlement, as well as an Order stating that the priorities of the funds payable pursuant to the Penalta Lien are to be determined in accordance with the priorities set forth in the BIA and the ITA, which would result in any priority claimants and PNC being paid in priority to the sub-lienholders.

### **Bird Settlement**

37. At the date of bankruptcy, Con-Forte's books and records reported an account receivable of approximately \$80,556 due from Con-Forte to Bird (the "Bird Receivable"). The Bird Receivable related to a project known as the Building L – Evanston Towne Centre project (the "Evanston Project") for which Bird acted as the general contractor.
38. The Trustee registered a builder's lien in the amount of approximately \$80,556 against the Evanston Project (the "Bird Lien"). The Trustee is not aware of any sub-liens having been filed in respect of the Evanston Project.

39. The Bird Lien was discharged from title pursuant to a Court Order granted on December 13, 2013 pursuant to which approximately \$80,556, plus a 10% allowance for costs, interest and applicable taxes, for a total of approximately \$88,612, was deposited with the Clerk of the Court as security for the Bird Lien.
40. Bird disputed the amount of the Bird Receivable alleging various set-off and deficiency claims. Following negotiations between the Trustee and Bird, both parties agreed to a settlement pursuant to which \$46,873 of the funds held in trust would be released to Con-Forte (defined above as the "Bird Settlement"). The Bird Settlement is conditional on Court approval and the execution of releases.
41. The Bird Settlement satisfies the requirements of the Blanket Settlement Approval.
42. The Trustee is seeking approval of the Bird Settlement, as well as an Order stating that the priorities of the funds payable pursuant to the Bird Lien are to be determined in accordance with the priorities set forth in the BIA and the ITA, which would result in any priority claimants and PNC being paid in priority to the sub-lienholders.

# The North Star Claim

43. At the date of bankruptcy, Con-Forte's books and records reported an account receivable of approximately \$63,042 due from Intergulf Cidex Development Corp. ("Intergulf", the "Intergulf Receivable"). Neither Con-Forte nor the Trustee registered a builders' lien in respect of the Intergulf Receivable. The Intergulf Receivable related to work done on a project known as Beacon Heights Commercial Phase 1 (the "Beacon Project").
44. North Star Contracting Inc. ("North Star") acted as a subcontractor to Con-Forte in respect of work done on the Beacon Project. We understand that North Star registered a builders' lien in respect of \$51,208 that was due from Con-Forte related to work done on the Beacon Project.
45. Intergulf paid \$61,078 (the "Intergulf Payment") into trust with Field LLP ("Field"), legal counsel for the Trustee, pending a determination as to who should be entitled to the Intergulf Payment. The Trustee is prepared to accept the Intergulf Payment as payment in full of the Intergulf Receivable.
46. At the June 17 Application, North Star Contracting Inc. is seeking an Order directing that \$51,208 plus the costs of the June 17 Application be released to North Star from the Intergulf Payment (the "North Star Application"). CRA had previously indicated that they would be objecting to the North Star Application on the basis that the priorities set forth in the BIA and the ITA should govern the distribution of the Intergulf Payment. As further discussed below, CRA is being paid in full for their deemed trust claim against Con-Forte and, on that basis, have now withdrawn their objection to the North Star Application.
47. North Star has not filed any Affidavit evidence in support of the lien claim. Should the claim be unsupported, the funds held in trust would automatically revert to the Trustee. Accordingly, this matter should be adjourned to permit North Star to file evidence.

# Statement of Receipts and Disbursements

48. Attached as “Schedule 1” is a copy of the June 10 R&D. As at June 10, 2015, approximately \$2.2 million was being held in trust for the PLG Group.
49. The June 10 R&D reflects total receipts of approximately \$3.4 million. The Trustee highlights the following with respect to these receipts:
  - 49.1 Auction proceeds of approximately \$1.6 million are net of expenses for garbage disposal and other miscellaneous clean-up charges as well as merchant charges from bank card transactions.
  - 49.2 To date, the Trustee has collected accounts receivable of approximately \$1.4 (net of GST). The collection of accounts receivable is impacted by potential deficiency claims, lien claims, bonding company claims, holdbacks, deposits, and various other set-offs and adjustments from customers and contractors.
50. As reflected in General Note (2) of the June 10, R&D, the PLG Group held 14 bank accounts with BMO Financial Group (the “BMO Accounts”), who acted as an agent for PNC. At the date of bankruptcy, the BMO Accounts had a cumulative balance of \$724,314 and additional funds totalling \$557,123 were deposited to the BMO Accounts following the date of bankruptcy (collectively the “BMO Funds”). At the Trustee’s request, the BMO Accounts were closed and the BMO Funds have been paid into trust with the Trustee’s legal counsel. The BMO Funds almost entirely originated from two separate payments for an account receivable due from Lockerbie Stanley Water Ltd. (“Lockerbie”, the Lockerbie Receivable). Lockerbie has indicated that these payments were made erroneously and that they will be pursuing the return of the BMO Funds. In addition, BMO has indicated that approximately \$198,600 of the BMO Funds were released to the Trustee’s legal counsel erroneously and should have been set-off by BMO against overdrafts on the other BMO accounts. The Trustee is having ongoing discussions with Lockerbie related to a settlement encompassing the Lockerbie Receivable and the BMO Funds.
51. The June 11 R&D reflects total disbursements of approximately \$1.2 million. The Trustee highlights the following with respect to these disbursements:

- 51.1 The Trustee has been paid professional fees and disbursements of \$588,159 (net of GST) for the period ended September 25, 2014. Field has been paid professional fees and disbursements of approximately \$277,020 (net of GST) for the period ended September 2, 2014 and Wilson Laycraft LLP (“Wilson”), the Trustee’s legal counsel on conflict matters, has been paid professional fees and disbursements of \$10,366 (net of GST) for the period ended July 14, 2014. All of the invoices paid to the Trustee, Field and Wilson have been approved by the estate inspectors.
- 51.2 CRA previously agreed to permit the Trustee’s reasonable fees and expenses net of GST (including all costs of the administration) up to a total of \$1.2 million (net of GST) to be paid ahead of their property claims, subject to the Trustee complying with the duties and obligations set out in CRA’s policy on Administrative Agreements with Trustees and Receivers.

# The Allocation

52. The bankruptcies for each of the entities within the PLG Group were administered on a consolidated basis. Attached as “Schedule 2” is a summary of the Net Receipts, Disbursements and Estimated Distributions for each of the Companies as at June 10, 2015. The Trustee intends to allocate disbursements, outside of payments to secured creditors (the “PLG Disbursements”), based on the percentage of total receipts that were collected for each of the Companies (the “Allocation”). Payments to secured creditors were allocated to the specific entity within the PLG Group to which the payment was applicable. These payments were made to secure the release of vehicles and corresponding liens, which were being held pursuant to valid liens under the *Garage Keepers’ Lien Act* and the *Possessory Liens Act*.
53. The Trustee has communicated the basis of the Allocation to CRA and understands that CRA is supportive of the Allocation. The receipts for each of the Companies and the corresponding allocation of the PLG Disbursements is presented below:

ALLOCATION OF DISBURSEMENTS AS AT JUNE 10, 2015							
	CON-FORTE AMOUNT	ASTY AMOUNT	SMRI AMOUNT	PLG RESIDENTIAL AMOUNT	PLG HOLDINGS AMOUNT	PLG CORPORATE AMOUNT	TOTAL AMOUNT
<b>Receipts including accruals</b>							
Receipts	\$ 1,455,454	\$ 987,973	\$ 460,524	\$ 496,421	\$ 10,533	\$ 18,506	\$ 3,429,411
Accrual for settlements requiring Court approval	611,346	-	38,000	-	-	-	649,346
<b>Total receipts including accruals</b>	<b>\$ 2,066,800</b>	<b>\$ 987,973</b>	<b>\$ 498,524</b>	<b>\$ 496,421</b>	<b>\$ 10,533</b>	<b>\$ 18,506</b>	<b>\$ 4,078,757</b>
<b>% of total receipts</b>	<b>51%</b>	<b>24%</b>	<b>12%</b>	<b>12%</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>
<b>Disbursements including accruals</b>							
Allocation of disbursements (net of payments to secured creditors)	\$ 594,787	\$ 284,320	\$ 143,466	\$ 142,861	\$ 3,031	\$ 5,326	\$ 1,173,791
Accrual for invoiced disbursements	76,036	36,347	18,340	18,263	388	681	150,055
<b>Total disbursements including accruals</b>	<b>\$ 670,823</b>	<b>\$ 320,667</b>	<b>\$ 161,806</b>	<b>\$ 161,124</b>	<b>\$ 3,419</b>	<b>\$ 6,006</b>	<b>\$ 1,323,846</b>
<b>% of total disbursements</b>	<b>51%</b>	<b>24%</b>	<b>12%</b>	<b>12%</b>	<b>0%</b>	<b>0%</b>	<b>100%</b>

# Distributions and priority and secured creditor claims

## Distributions

54. CRA has filed deemed trust claims (the “CRA Claims”) in respect of Con-Forte, Asty, Sas-Can, PLG Residential and PLG Corporate. As reflected in the Allocation, the Trustee is proposing making distributions to CRA up to the total amount of the CRA Claims and anticipates that, following the receipt of funds totalling approximately \$649,346 from the Settlements (the “Settlement Funds”), CRA will be paid in full from Con-Forte, Asty and PLG Residential and will be paid in part from SMRI and PLG Corporate.

CANADA REVENUE AGENCY - DEEMED TRUST (PAYROLL) CLAIMS AND ESTIMATED DISTRIBUTIONS AS AT JUNE 10, 2015			
		Claim	Est. Distribution
Con-Forte	\$	828,871	\$ 828,871
Asty		441,062	441,062
SMRI		473,052	316,718
PLG Residential		251,698	251,698
PLG Corporate		128,968	7,499
<b>Total</b>	<b>\$</b>	<b>2,123,651</b>	<b>\$ 1,845,847</b>

55. HRDC is entitled to claim a super-priority claim under the Wage Earner Protection Plan for up to \$2,000 in unpaid wages per employee, which attaches to current assets (the “WEPP Claims”). HRDC has filed WEPP Claims against Con-Forte, Asty, SMRI, PLG Residential and PLG Corporate. As reflected in the allocation, the Trustee is proposing making distributions to HRDC up to the total amount of the WEPP Claims and anticipates that, following the receipt of the Settlement Funds; HRDC will be paid in full from Con-Forte, Asty and PLG Residential.

**HRDC - PRIORITY CLAIMS AND ESTIMATED DISTRIBUTIONS AS AT JUNE  
10, 2015**

	Claim	Est. Distribution
Con-Forte	\$ 133,240	\$ 133,240
Asty	79,083	79,083
SMRI	76,818	-
PLG Residential	55,970	55,970
PLG Corporate	29,867	-
<b>Total</b>	<b>\$ 374,979</b>	<b>\$ 268,293</b>

56. A holdback for additional professional fees and disbursements required to complete the administration of the estate has been included in calculating the estimated distributions.

### **Priority and Secured Creditor Claims**

57. In addition to the claims filed by CRA and HRDC, the Labourers' Pension Fund of Western Canada has claims for prescribed pension plan contributions totalling \$63,849 and the Labourer's Health and Welfare Trust Fund of Western Canada has claims for contributions to the Health and Welfare Fund totalling \$18,600.

58. PNC has a secured claim against the PLG Group for approximately \$7.6 million. PNC has a general security agreement over all present and after acquired personal property of the PLG Group (the "PNC Security"). The Trustee's legal counsel has completed an independent review of the PNC Security and determined that it is valid and enforceable as against the Trustee.



# Conclusion

59. The Fourth Report is being filed in support of the Trustee's application on June 17, 2015 at which they are seeking the following relief:

- 59.1 Approval of the reported actions of the Trustee to date in administering the bankruptcy proceedings for each of the PLG Companies;
- 59.2 Approval of the Settlements;
- 59.3 Approval of the June 10 R&D;
- 59.4 Approval of the Allocation; and
- 59.5 Approval of the Distributions.

**DELOITTE RESTRUCTURING INC.,**  
in its capacity as Trustee in the bankruptcies of  
Plumb-Line Group Holdings, Inc.,  
PLG Corporate Services Inc.,  
PLG Residential Services Inc.,  
Con-Forte Contracting Company Inc.,  
Sas-Can Masonry and Restoration Inc. and  
Asty Construction Inc.  
and not in its personal capacity



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Jeff Keeble CA•CIRP, CBV  
Senior Vice-President

# Schedules

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# Schedule 1

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**IN THE MATTER OF THE BANKRUPTCIES OF  
 PLG RESIDENTIAL SERVICES INC. ("PLG RESIDENTIAL"), PLG CORPORATE SERVICES INC. ("PLG CORPORATE"), ASTY CONSTRUCTION INC. ("ASTY"), CON-FORTE CONTRACTING COMPANY INC. ("CON-FORTE"), SAS-CAN MASONRY AND RESTORATION INC. ("SMRI") AND PLUMB-LINE GROUP HOLDINGS INC. ("PLG HOLDINGS", COLLECTIVELY THE "PLG COMPANIES")**

**TRUSTEE'S CONSOLIDATED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS  
 FOR THE PERIOD ENDED JUNE 10, 2015**

	<b>Total</b>	<b>Specific Notes</b>
<b>RECEIPTS:</b>		
Net Auction Proceeds	\$ 1,606,223	(1)
Accounts Receivable	1,413,201	
Cash held in financial institutions	197,252	
Rent	10,000	(2)
GST on accounts receivable	70,660	
Miscellaneous	131,574	(3)
GST collected	500	
<b>TOTAL RECEIPTS</b>	<b>3,429,411</b>	
<b>DISBURSEMENTS:</b>		
Trustee's fees and disbursements	588,159	(4)
Occupation rent	103,933	(5)
Utilities	17,571	(6)
Contract services	47,545	(7)
Insurance	32,681	(8)
Trustee's legal counsel's fees and disbursements	287,386	(9)
Security	40,556	(10)
Payments to secured creditors	43,646	(11)
Miscellaneous	2,149	
GST paid	53,812	
<b>TOTAL DISBURSEMENTS</b>	<b>1,217,438</b>	
<b>EXCESS RECEIPTS OVER DISBURSEMENTS REPRESENTED BY CASH IN BANK</b>	<b>\$ 2,211,973</b>	

**General Notes:**

- (1) This Consolidated Interim Statement of Receipts and Disbursements includes each of the PLG Companies.
- (2) The Companies held 14 bank accounts with BMO Financial Group ("BMO", the "BMO Accounts"), who was acting as an agent for PNC Bank Canada. At the date of bankruptcy, the BMO Accounts had a cumulative balance of approximately \$724,300 and additional funds totalling approximately \$557,100 were deposited to the BMO accounts following the date of bankruptcy. The total of approximately \$1.28 million will be referred to as the "BMO Funds". At the Trustee's request, the BMO Accounts have now been closed and the BMO Funds have been paid into trust with the Trustee's legal counsel. The bulk of the BMO Funds came from two separate payments for accounts receivable due from the same party. That party has indicated that these amounts were paid erroneously and that they will be pursuing their return. In addition, BMO has indicated that approximately \$198,600 of the BMO Funds were paid to the Trustee's legal counsel erroneously and should have been set-off by BMO against overdrafts on the other BMO Accounts.
- (3) Canada Revenue Agency ("CRA") previously agreed to permit the Trustee's reasonable fees and expenses net of GST (including all costs of the administration) up to a total of \$1.2 million to be paid ahead of their property claims, subject to the Trustee complying with the duties and obligations set out in CRA's policy on Administrative Agreements with Trustees and Receivers.

IN THE MATTER OF THE BANKRUPTCIES OF  
PLG RESIDENTIAL SERVICES INC. ("PLG RESIDENTIAL"), PLG CORPORATE SERVICES INC. ("PLG CORPORATE"), ASTY CONSTRUCTION INC. ("ASTY"), CON-FORTE CONTRACTING COMPANY INC. ("CON-FORTE"), SAS-CAN MASONRY AND RESTORATION INC. ("SMRI") AND PLUMB-LINE GROUP HOLDINGS INC. ("PLG HOLDINGS", COLLECTIVELY THE "PLG COMPANIES")

TRUSTEE'S CONSOLIDATED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD ENDED JUNE 10, 2015

**Specific Notes:**

- (1) Century Services Inc. was retained to complete the auction of the Companies' assets, which was held on December 12, 2013. Proceeds are net of expenses for garbage disposal and other miscellaneous clean-up charges and merchant charges from bank card transactions. Selected additional items recovered following December 12, 2013 were included in future auctions.
- (2) Monthly rent of \$5,000 was payable by Chandos Construction Ltd., who sublets a portion of the Companies premises at 1212 34th Avenue SW in Calgary, Alberta (the "Premises"), for the period during which the Trustee occupied the Premises.
- (3) Includes refunds from the Worker's Compensation Board in the amount of approximately \$101,700 and a settlement with Shaw GMC Pontiac Buick ("Shaw") in the amount of approximately \$14,100 related to the surplus proceeds from the sale of three vehicles and other miscellaneous receipts.
- (4) Payment of the Trustee's professional fees and disbursements for the period ended September 25, 2014.
- (5) Occupation rent for the Premises was paid for the period ended December 23, 2013 on which date the Trustee disclaimed its interest in the Premises.
- (6) Natural gas, electricity and water were paid during the period during which the Trustee occupied the Premises.
- (7) Several former employees of the Companies were retained on a contract basis to assist in gathering information regarding employee claims, accounts receivable, outstanding jobs and to assist in the retrieval of material and equipment located on various job sites at the date of bankruptcy.
- (8) At the date of bankruptcy, the Companies had insurance coverage for the period ended April 30, 2014 which included a commercial package policy, machinery breakdown and automobile liability (the "Auto Policy", collectively the "Commercial Policies"). In addition, the Companies had directors and officers liability insurance coverage (the "D&O Policies") for the period ended May 31, 2014. All policies with the exception of the Auto Policy and the D&O Policy were discontinued effective on December 31, 2013. The Auto Policy was discontinued effective April 30, 2014 and the D&O Policy was discontinued effective May 31, 2014. The amount shown is net of an insurance refund of \$15,951 related to the early cancellation of the Commercial Policies.
- (9) Payment of the professional fees and disbursements of the Trustee's legal counsel, Field LLP for the period ended September 2, 2014 and of the professional fees and disbursements of the Trustee's legal counsel on conflict matters, Wilson Laycraft LLP for the period ended July 14, 2014.
- (10) The Trustee retained ISS Security to provide 24 hour security at the Companies' office and yard. This service was discontinued following the Trustee disclaiming their interest in the Premises.
- (11) At the date of bankruptcy, several vehicles were subject to liens under the *Garage Keepers' Lien Act* and the *Possessory Liens Act*. Eligible amounts were paid to secure the release of the vehicles and the corresponding liens, where warranted by the value of the vehicles. In addition, the Trustee redeemed three vehicles leased through Shaw GMC Pontiac Buick which were determined to have equity.

# Schedule 2

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**IN THE MATTER OF THE BANKRUPTCIES OF  
 PLG RESIDENTIAL SERVICES INC. ("PLG RESIDENTIAL"), PLG CORPORATE SERVICES INC. ("PLG CORPORATE"), ASTY CONSTRUCTION INC. ("ASTY"), CON-FORTE CONTRACTING COMPANY INC. ("CON-FORTE"), SAS-CAN  
 MASONRY AND RESTORATION INC. ("SAS-CAN") AND PLUMB-LINE GROUP HOLDINGS INC. ("PLG HOLDINGS")  
 NET RECEIPTS, DISBURSEMENTS AND ESTIMATED DISTRIBUTIONS AS AT JUNE 10, 2015**

	CON-FORTE AMOUNT	ASTY AMOUNT	SMRI AMOUNT	PLG RESIDENTIAL AMOUNT	PLG HOLDINGS AMOUNT	PLG CORPORATE AMOUNT	TOTAL AMOUNT	NOTES
<b>RECEIPTS</b>								
Gross auction proceeds	\$ 636,930	\$ 543,040	\$ 248,635	\$ 232,918	\$ -	\$ 18,590	\$ 1,680,112	1
Less:								
Allowable disbursements	(28,011)	(23,882)	(10,935)	(10,243)	-	(818)	(73,889)	2
Accounts receivable	497,844	445,828	209,424	260,104	-	-	1,413,201	
Cash held in financial institutions	197,252						197,252	
Other receipts	126,547	695	2,928	638	10,033	733	141,574	
GST on accounts receivable	24,892	22,291	10,471	13,005	-	-	70,660	
GST collected	-	-	-	-	500	-	500	
<b>TOTAL RECEIPTS</b>	<b>1,455,454</b>	<b>987,973</b>	<b>460,524</b>	<b>496,421</b>	<b>10,533</b>	<b>18,506</b>	<b>3,429,411</b>	
<b>ACCRUAL FOR SETTLEMENTS REQUIRING COURT APPROVAL</b>								
Aman Building Corporation (No. 1)			38,000				38,000	
Aman Building Corporation (No. 2)	287,473						287,473	
Concure Restoration	17,000						17,000	
Volker Stevin Contracting Ltd.	15,000						15,000	
Penalta Group Ltd.	245,000						245,000	
Bird Construction	46,873						46,873	
<b>TOTAL ACCRUAL FOR SETTLEMENTS REQUIRING COURT APPROVAL</b>	<b>611,346</b>	<b>-</b>	<b>38,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>649,346</b>	3
<b>TOTAL RECEIPTS INCLUDING ACCRUALS</b>	<b>2,066,800</b>	<b>987,973</b>	<b>498,524</b>	<b>496,421</b>	<b>10,533</b>	<b>18,506</b>	<b>4,078,757</b>	
<b>DISBURSEMENTS</b>								
Allocation of disbursements	151,129	72,243	36,453	36,299	770	1,353	298,247	4
Allocation of legal fees	145,625	69,612	35,126	34,977	742	1,304	287,386	4 & 5
Allocation of trustee fees	298,034	142,466	71,887	71,584	1,519	2,669	588,159	4 & 6
	594,787	284,320	143,466	142,861	3,031	5,326	1,173,791	
Add:								
Payments to secured creditors	14,070	21,927	-	7,500	150	-	43,646	4
<b>TOTAL DISBURSEMENTS</b>	<b>608,857</b>	<b>306,247</b>	<b>143,466</b>	<b>150,361</b>	<b>3,181</b>	<b>5,326</b>	<b>1,217,438</b>	
<b>ACCRUAL FOR DISBURSEMENTS THAT ARE INVOICED BUT NOT PAID</b>								
Allocation of legal fees	56,553	27,034	13,641	13,583	288	506	111,606	4 & 7
Allocation of Trustee fees	19,483	9,313	4,699	4,680	99	174	38,449	4 & 8
<b>TOTAL ACCRUAL FOR DISBURSEMENTS THAT ARE INVOICED BUT NOT PAID</b>	<b>76,036</b>	<b>36,347</b>	<b>18,340</b>	<b>18,263</b>	<b>388</b>	<b>681</b>	<b>150,055</b>	
<b>HOLDBACK</b>								
Professional fees and disbursements	80,000	20,000	20,000	10,000	5,000	5,000	140,000	9
<b>HOLDBACK</b>	<b>80,000</b>	<b>20,000</b>	<b>20,000</b>	<b>10,000</b>	<b>5,000</b>	<b>5,000</b>	<b>140,000</b>	
<b>TOTAL DISBURSEMENTS INCLUDING ACCRUALS AND HOLDBACK</b>	<b>764,893</b>	<b>362,594</b>	<b>181,806</b>	<b>178,624</b>	<b>8,569</b>	<b>11,006</b>	<b>1,507,492</b>	
<b>NET CASH ON HAND (INCLUDING ACCRUALS AND HOLDBACK)</b>	<b>\$ 1,301,907</b>	<b>\$ 625,379</b>	<b>\$ 316,718</b>	<b>\$ 317,797</b>	<b>\$ 1,964</b>	<b>\$ 7,499</b>	<b>\$ 2,571,265</b>	
<b>ESTIMATED DISTRIBUTIONS</b>								
CRA Deemed Trust (Payroll)	\$ 828,871	\$ 441,062	\$ 316,718	\$ 251,698	\$ -	\$ 7,499	\$ 1,845,847	10
WEPP Property Claim	133,240	79,083	-	55,970	-	-	268,293	11
<b>TOTAL ESTIMATED DISTRIBUTIONS</b>	<b>\$ 962,111</b>	<b>\$ 520,145</b>	<b>\$ 316,718</b>	<b>\$ 307,668</b>	<b>\$ -</b>	<b>\$ 7,499</b>	<b>\$ 2,114,141</b>	

**IN THE MATTER OF THE BANKRUPTCIES OF  
PLG RESIDENTIAL SERVICES INC. ("PLG RESIDENTIAL"), PLG CORPORATE SERVICES INC. ("PLG CORPORATE"), ASTY CONSTRUCTION INC. ("ASTY"), CON-FORTE CONTRACTING COMPANY INC. ("CON-FORTE"), SAS-CAN  
MASONRY AND RESTORATION INC. ("SAS-CAN") AND PLUMB-LINE GROUP HOLDINGS INC. ("PLG HOLDINGS")  
NET RECEIPTS, DISBURSEMENTS AND ESTIMATED DISTRIBUTIONS AS AT JUNE 10, 2015**

**GENERAL NOTES:**

- (1) The information presented herein relates each of the PLG Companies.
- (2) At the date of bankruptcy, the Companies held 14 bank accounts with BMO Financial Group ("BMO", the "BMO Accounts"), who was acting as an agent for PNC Bank Canada. At the date of bankruptcy, the BMO Accounts had a cumulative balance of approximately \$724,300 and additional funds totalling approximately \$557,100 were deposited to the BMO accounts following the date of bankruptcy. The total of approximately \$1.28 million will be referred to as the "BMO Funds". At the Trustee's request, the BMO Accounts have now been closed and the BMO Funds have been paid into trust with the Trustee's legal counsel. The bulk of the BMO Funds came from two separate payments for accounts receivable due from the same party. That party has indicated that these amounts were paid erroneously and that they will be pursuing their return. In addition, BMO has indicated that approximately \$198,600 of the BMO Funds were paid to the Trustee's legal counsel erroneously and should have been set-off by BMO against overdrafts on the other BMO Accounts.
- (3) Canada Revenue Agency ("CRA") previously agreed to permit the Trustee's reasonable fees and expenses net of GST (including all costs of the administration) up to a total of \$1.2 million to be paid ahead of their property claims, subject to the Trustee complying with the duties and obligations set out in CRA's policy on Administrative Agreements with Trustees and Receivers.

**SPECIFIC NOTES:**

- (1) Century Services Inc. was retained to complete the auction of the Companies' assets, which was held on December 12, 2013. Proceeds are net of expenses for garbage disposal and other miscellaneous clean-up charges and merchant charges from bank card transactions. Selected additional items recovered following December 12, 2013 were included in future auctions.
- (2) Allowable disbursements include site clean-up and bin charges, hazardous waste removal, equipment repair, towing and merchant charges. Allowable disbursements have been allocated between the Companies based on the percentage of receipts attributable to each entity.
- (3) Includes settlements related to liens under the *Builders' Lien Act*, which are agreed upon by all parties and are only subject to Consent Orders, which are being sought at a Court application to be heard on June 17, 2015.
- (4) Disbursements have been allocated between the Companies based on the percentage of receipts attributable to each entity as at June 10, 2015.
- (5) Payment of the professional fees and disbursements of the Trustee's legal counsel, Field LLP for the period ended September 2, 2014 and of the professional fees and disbursements of the Trustee's legal counsel on conflict matters, Wilson Laycraft LLP for the period ended July 14, 2014.
- (6) Payment of the Trustee's professional fees and disbursements for the period ended September 25, 2014.
- (7) Includes the Trustee's legal counsel's professional fees and disbursements for the period ended February 28, 2015. Does not include uninvoiced WIP.
- (8) Includes the Trustee's professional fees and disbursements for the period ended April 23, 2015. Does not include uninvoiced WIP.
- (9) Includes estimated professional fees to complete the administration of the respective estates. As several claims under the *Builders' Lien Act* have yet to be resolved, these amounts may vary substantially depending on the need for these matters to be further litigated.
- (10) Canada Revenue Agency has completed a payroll audit of the Companies.
- (11) Service Canada is entitled to claim a super-priority claim under the *Wage Earner Protection Plan* for up to \$2,000 in unpaid wages per employee. This super-priority only attaches to current assets.