



COURT FILE NUMBER 25-1800429, 25-1799518, 25-1799530, 25-1799555, 25-1799540, 25-1799546

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

DOCUMENT THIRD 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 NOVEMBER 12, 2014

PREPARED BY DELOITTE RESTRUCTURING INC.

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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SCHEDULES

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Introduction and Background

Introduction

1. PLG Corporate Services Inc., PLG Residential Services Inc. (“PLG Residential”), Con-Forte Contracting Company Inc. (“Con-Forte”), Sas-Can Masonry and Restoration Inc. (“SMRI”) and Asty Construction Inc. (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.
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 First Report of the Trustee was filed on December 10, 2013 in support of the Trustee's application to the Court on December 17, 2013 (the "December 17 Application") at which the Court granted the following relief:
 - 5.1 Approval of the reported actions of the Trustee up to that date in respect of the administration of the bankruptcy proceedings;
 - 5.2 Approval for the aid and recognition of any Court, tribunal, regulatory or administrative body having jurisdiction in Canada to assist in conveying title of the PLG Group's assets, which included inventory, tools, motor vehicles and equipment to the respective purchasers;
 - 5.3 Approval of a process related to the destruction of certain stored records of the Companies; and
 - 5.4 Approval of the Consolidated Interim Statement of Receipts and Disbursements for the period ended December 9, 2013.
6. On March 3, 2014, the Court granted approval of the following extensions to resolve the liens filed by the Trustee on behalf of the PLG Group under the *Builders Lien Act* (the "*BLA*"), with that Order being granted as a result of the December 17 Application:
 - 6.1 Where Notices to Prove Lien (the "NPL(s)") were filed and served on the Trustee in accordance with Section 48 of the *BLA* prior to March 3, 2014, the Trustee would have until April 2, 2014, or any further extension that may be directed by the Court, to file Affidavit(s) Proving Lien (the "APL(s)") in response; and
 - 6.2 Where NPL(s) were filed and served on the Trustee after March 3, 2014, the Trustee would have 30 days, or any further extension that may be directed by the Court, from the date it was served to file APL(s) in response.
7. The Second Report of the Trustee was filed on April 29, 2014 in support of the Trustee's application to the Court on May 7, 2014 (the "May 7 Application") at which the Trustee sought the following relief:
 - 7.1 Approval of the reported actions of the Trustee to date in respect of the administration of the bankruptcy proceedings;
 - 7.2 A direction that assets sold at auction were vested in the respective purchasers free and clear of all claims against the bankrupts and directing the discharge of any encumbrances against said assets;
 - 7.3 Approval of the Consolidated Interim Statement of Receipts and Disbursements for the period ended April 28, 2014; and

- 7.4 A declaration that the interests of sub-lienholders of the PLG Group and other creditors of the Companies against funds paid into Court or trust accounts or provided in the form of a lien bond to discharge the corresponding lien claims, are to be determined in accordance with the priorities set forth in the *Bankruptcy and Insolvency Act* and the *Income Tax Act*.
- 8 At the May 7 Application, the Court granted the relief requested in paragraphs 7.1 to 7.3 above; however, the Trustee's application for the relief sought in paragraph 7.4 was adjourned *sine die* pending either agreement among the parties as to the wording of the requested Order or the scheduling of a further application at which the Court would hear submissions on the issue.
- 9 The May 7 Application was reconvened on June 18, 2014; however, on that date, the Court expressed hesitancy to decide the issue on a global basis and asked both the Trustee and the sub-lienholders to consider whether there was an appropriate test case, which could be brought before the Court to provide a precedent that could then be used to decide like cases.
- 10 The Trustee's legal counsel, Field LLP ("Field"), selected a test case involving a lien filed by the Trustee on behalf of PLG Residential against a project known as the Sage Hill condominiums (the "Sage Hill Project"). 1571279 Alberta Ltd. was the owner of the lands on which the Sage Hill Project was being built and Vertical Properties Ltd. ("Vertical") acted as the general contractor for the Sage Hill Project. PLG Residential's books and records reported an outstanding account receivable of approximately \$208,004 due from Vertical (the "Vertical Receivable"). Following further negotiation, the Trustee entered into a settlement agreement on behalf of PLG Residential whereby Vertical would pay \$145,000 in full satisfaction of the Vertical Receivable (the "Vertical Settlement"). Selected sub-lienholders asserted a priority to the Vertical Settlement.
- 11 On September 11, 2014 the issue was heard and the Honourable Madam Justice K.M. Horner granted the following Order (the "September 11 Order"):
- 11.1 The funds paid into Court in respect of the Vertical Settlement were to be paid to the Trustee for distribution to PLG Residential's creditors;
- 11.2 Canada Revenue Agency ("CRA") had priority over the funds from the Vertical Settlement; and
- 11.3 The September 11 Order was granted without prejudice to the specific projects where the PLG Group did not file a lien but one or more of its subcontractors did. A copy of the September 11 Order is attached as "Schedule 1".
- 12 This report is the Third Report of the Trustee (the "Third Report"). The Third Report is being filed in support of the Trustee's application to the Court on November 24, 2014 (the "November 24 Application") seeking the following relief:
- 12.1 Approval of the reported actions of the Trustee to date in respect of the administration of the bankruptcy proceedings;

- 12.2 Approval of the Consolidated Interim Statement of Receipts and Disbursements for the period ended November 10, 2014 (the “November 10 R&D”);
- 12.3 Approval of the following settlements of accounts receivable in respect of which the Trustee registered liens under the BLA (collectively, the “Settlements”):
 - 12.3.1 The settlement between SMRI and ITC Residential AB I Inc. (“ITC”) in the amount of approximately \$35,795, as further described herein (the “ITC Settlement”);
 - 12.3.2 The settlement between SMRI and the Tekton Construction Ltd. (“Tekton”) in the amount of approximately \$16,000, as further described herein (the “Tekton Settlement”);
 - 12.3.3 The settlement between Con-Forte and Executive Flight Centre Developments Ltd. (“EFC”) in the amount of approximately \$72,436, as further described herein (the “EFC Settlement”);
 - 12.3.4 The settlement between Con-Forte and Ashton Luxury Living (“Ashton”) in the amount of \$150,000 as further described herein (the “Ashton Settlement”); and
 - 12.3.5 The settlement between Con-Forte and Norcal Construction Inc. (“Norcal”) whereby \$85,000 of funds held in trust would be released to Norcal with the remaining \$35,698 being payable to Con-Forte, as further described herein (the “Norcal Settlement”).
- 13 In addition to the relief outlined above, the Trustee may seek directions at the November 24 Application setting the timetable for a hearing of the application regarding the claim for set-off filed by Lockerbie Stanley Water Ltd. (“Lockerbie”) against approximately \$724,319 that was held in Con-Forte’s bank account at the date of bankruptcy and approximately \$557,123 that was paid to Con-Forte by Lockerbie following the date of bankruptcy (the “Lockerbie Claim”), as further described below. This application was previously adjourned *sine die*.

Lockerbie

- 14 The PLG Group held 14 bank accounts with BMO Financial Group (the “BMO Accounts”), who acted as an agent for PNC Bank Canada, the Companies’ most significant secured lender. At the date of bankruptcy, the BMO Accounts had a cumulative balance of \$724,319 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. 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 \$198,557 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.
- 15 As noted above, the Trustee may seek directions at the November 24 Application setting the timetable for a hearing of the application currently adjourned *sine die* regarding the Lockerbie Claim, following which the Trustee will seek an Order for the interim distribution of funds, including the BMO Funds, held in the bankrupt estates.

The Settlements

ITC

- 16 At the date of bankruptcy, SMRI's books and records reported two accounts receivable totaling \$51,136 due to SMRI from ITC (the "ITC Receivables"). The ITC Receivables in the amounts of \$26,782 and \$24,354, respectively, related to projects known as University City Tower A and University City Tower B (the "ITC Projects") for which ITC acted as the general contractor.
- 17 The Trustee registered two builder's liens totalling \$51,136 against the ITC Projects (the "ITC Lien"). The Trustee understands that sub-liens had been registered in respect of the ITC Project; however, those claims were paid by ITC and the corresponding sub-liens were discharged. To the Trustee's knowledge, there are currently no sub-liens filed against the ITC Projects in respect of the work done by SMRI.
- 18 The ITC Liens were discharged from title by a Court Order granted on November 15, 2013 pursuant to which approximately \$51,136, plus a 10% allowance for costs, interest and applicable taxes, for a total of approximately \$56,250, was deposited with the Clerk of the Court as security for the ITC Liens.
- 19 ITC disputed the amount of the ITC Receivables alleging various set-off and deficiency claims. Following negotiations between the Trustee and ITC, both parties agreed to a settlement whereby approximately \$35,795 would be paid to SMRI (defined above as the "ITC Settlement"). The ITC Settlement is conditional upon Court approval and the execution of releases.
- 20 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 ITC Settlement satisfies the requirements of the Blanked Settlement Approval.
- 21 As noted above, the Trustee is seeking approval of the ITC Settlement as well as an Order stating that CRA has priority over the funds from the ITC Settlement vis-à-vis any claims of sub-lienholders. The Trustee is not aware of any remaining claims of sub-lienholders.

Tekton

- 22 At the date of bankruptcy, SMRI reported an outstanding account receivable of \$64,050 due to SMRI from Tekton (the ""Tekton Receivable"). The Tekton Receivable related to a project known as the Snowden Block (the "Snowdon Project") for which Tekton acted as the general contractor.

- 23 The Trustee registered a builder's lien in the amount of \$64,050 against the Snowdon Project (the "Tekton Lien"). To the Trustee's knowledge, there were no sub-liens filed against the Snowdon Project in respect of the work done by SMRI.
- 24 The Tekton Lien was discharged from title pursuant to a Court Order granted on December 20, 2013 pursuant to which \$64,050, plus a 10% allowance for costs, interest and applicable taxes, for a total of \$70,455, was deposited with Carscallen LLP as security for the Tekton Lien.
- 25 Tekton alleged various set-off and deficiency claims. Following negotiations between the Trustee and Tekton, both parties agreed to a settlement pursuant to which approximately \$10,000 would be paid to SMRI (defined above as the "Tekton Settlement"). In addition, at the date of bankruptcy, equipment comprised of 95 jacks, 137 frames, 4 ladders, 117 8' planks and 160 16' planks (the "Tools") were left on the site. The Trustee and Tekton agreed that Tekton would purchase the Tools for \$6,000 pursuant to the Tekton Settlement.
- 26 On November 6, 2013, the inspectors provided a blanket approval for the Trustee to sell tools and materials of up to \$20,000, where those tools and materials were estimated to have limited auction value and the removal of such tools was not economic. The Tools meet the criteria outlined in this blanket approval. The Tekton Settlement, as it related to the Tekton Receivable, was approved by the estate inspectors on October 10, 2014.
- 27 As noted above, the Trustee is seeking approval of the Tekton Settlement, as well as an Order stating that CRA has priority over the funds from the Tekton Settlement vis-à-vis the sub-lienholders.

EFC

- 28 At the date of bankruptcy, Con-Forte's books and records reported an outstanding account receivable of approximately \$179,639 due to Con-Forte from EFC (the "EFC Receivable"). The EFC Receivable related to a project known as Airplane Hanger - EFC Terminal 4 (the "EFC Project") for which EFC acted as the general contractor.
- 29 The Trustee registered a builder's lien in the amount of approximately \$161,675 against the EFC Project (the "EFC Lien"). A sub-lien against the EFC Project was also filed by Burnco Rock Products Ltd. in the amount of \$8,659 (the "EFC Sub-lien").
- 30 The EFC Lien was discharged from title pursuant to a Court Order granted on November 13, 2013 pursuant to which \$179,639, plus a 10% allowance for costs, interest and applicable taxes, for a total of \$197,603, was deposited with the Clerk of the Court as security for the EFC Lien.
- 31 EFC disputed the amount of the EFC Receivable alleging various set-off and deficiency claims. In addition, the Trustee confirmed that a payment of approximately \$59,775 had been made by EFC prior to the date of bankruptcy, which had not been reflected in Con-Forte's records.
- 32 Following negotiations between the Trustee and EFC, both parties agreed to a settlement pursuant to which \$72,436 would be paid to Con-Forte (defined above as the "EFC Settlement").

- 33 The EFC Settlement was approved by the estate inspectors on October 10, 2014.
- 34 As noted above, the Trustee is seeking approval of the EFC Settlement as well as an Order stating that CRA has priority over the funds from the EFC Settlement vis-à-vis the sub-lienholder.

Ashton

- 35 At the date of bankruptcy, Con-Forte's books and records reported an outstanding account receivable of \$253,720 due to Con-Forte from Ashton (the "Ashton Receivable"). The Ashton Receivable related to a project known as Ashton Square Inc. (the "Ashton Project") for which Ashton acted as the general contractor.
- 36 The Trustee registered a builder's lien in the amount of approximately \$253,720 against the Ashton Project (the "Ashton Lien"). Sub-liens against the Ashton Project were also filed by Four Star Rock Products Ltd. ("Four Star") and 1662995 Alberta Ltd. in the amounts of \$35,980 and \$9,962, respectively (the "Ashton Sub-liens").
- 37 In addition to the Ashton Sub-liens, Superior Concrete Systems Ltd. ("Superior") filed a Court action (the "Superior Action") against PLG Holdings, the Plumb-line Group of Companies Inc., Con-forte and Ashton Square Inc. in the amount of \$19,404 in respect of work which was allegedly done for Con-Forte on the Ashton Project. Superior also filed a builder's lien (the "Superior Lien") against lands legally described as Plan 0813647, Block 14, Lot 21, excepting thereout all mines and minerals (the "Lands"). Ashton has indicated that the Lands do not relate to the Ashton Project.
- 38 Ashton disputed the amount of the Ashton Receivable alleging various set-off and deficiency claims. Following negotiations between the Trustee and Ashton, both parties agreed to a settlement pursuant to which approximately \$150,000 would be paid to Con-Forte (defined above as the "Ashton Settlement"). The Ashton Settlement is conditional upon Court approval, dismissal of the Superior Action, discharge of the Superior Lien and the execution of releases.
- 39 The Ashton Settlement meets the criteria of the Blanket Settlement Approval.
- 40 As noted above, the Trustee is seeking approval of the Ashton Settlement as well as an Order stating that CRA has priority over the funds from the Ashton Settlement vis-à-vis the sub-lienholders.

Norcal

- 41 At the date of bankruptcy, Con-Forte's books and records reported an outstanding account receivable of approximately \$109,725 due to Con-Forte from Norcal (the "Norcal Receivable"). The Norcal Receivable related to a project known as Airways Crossing (the "Airways Project") for which Norcal acted as the general contractor.
- 42 The Trustee registered a builder's lien in the amount of approximately \$109,725 against the Airways Project (the "Norcal Lien"). A sub-lien against the Airways Project was also filed by Four Star in the amount of \$27,454 (the "Norcal Sub-lien").

- 43 The Norcal Lien was discharged from title pursuant to a Court Order granted on November 14, 2013 pursuant to which approximately \$109,725, plus a 10% allowance for costs, interest and applicable taxes, for a total of approximately \$120,698, was deposited with Sugimoto & Company as security for the Norcal Lien.
- 44 Norcal disputed the amount of the Norcal Receivable alleging various set-off and deficiency claims. Following negotiations between the Trustee and Norcal, both parties agreed to a settlement pursuant to which \$85,000 of the funds held in trust would be released to Norcal with the remaining \$35,698 being payable to Con-Forte (defined above as the "Norcal Settlement").
- 45 The Norcal Settlement was approved by the estate inspectors on October 10, 2014.
- 46 As noted above, the Trustee is seeking approval of the Norcal Settlement, as well as an Order stating that CRA has priority over the funds from the Norcal Settlement vis-à-vis the sub-lienholders.

Statement of Receipts and Disbursements

- 47 Attached as “Schedule 2” is a copy of the November 10 R&D. As at November 10, 2014, approximately \$1.5 million was being held in trust for the PLG Group.
- 48 The November 10 R&D reflects total receipts of approximately \$2.7 million. The Trustee highlights the following with respect to these receipts:
- 48.1 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 To date, the Trustee has collected accounts receivable of approximately \$953,327 (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 (collectively the “AR Set-offs”). Approximately \$2.6 million in accounts receivable were previously forwarded to Bison Credit Solutions (“Bison”) for collection. Taking into account collections to date and known AR Set-Offs, Bison is continuing to attempt to collect approximately \$1.2 million in accounts receivable. Approximately \$4.5 million in accounts receivable are still subject to ongoing proceedings under the BLA and approximately \$1.1 million in accounts receivable are still being collected by the Trustee.
- 50 As described in further detail herein, the Trustee’s legal counsel is holding approximately \$1.3 million in trust pending the result of a hearing related to the Lockerbie Claim.
- 51 The November 10 R&D reflects total disbursements of approximately \$1.2 million. The Trustee highlights the following with respect to these disbursements:
- 51.1 The Trustee’s 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. In addition, the Trustee’s legal counsel for counsel for conflict matters, Wilson Laycraft LLP has been paid professional fees and disbursements of \$10,366 (net of GST) for the period ended July 14, 2014.

- 51.2 CRA has 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. The invoices of both the Trustee and the Trustee's legal counsel have been approved by the inspectors of the bankrupt estates.
- 51.3 As previously reported, the Companies' operated out of leased premises located at 1212 34th Avenue SE, Calgary, Alberta (the "Premises"). The Trustee occupied the Premises from the date of bankruptcy until December 23, 2013 (the "Occupation Period") on which date the Trustee disclaimed its interest in the Premises. Rent of \$103,933 was paid for the Occupation Period.

Conclusion

- 52 The Third Report is being filed in support of the November 24 Application at which the Trustee will be seeking the following relief:
- 52.1 Approval of the reported actions of the Trustee to date in respect of administering these bankruptcy proceedings;
 - 52.2 Approval of the November 10 R&D; and
 - 52.3 Approval of the Settlements.
- 53 In addition to the relief outlined above, the Trustee may seek directions at the November 24 Application setting the timetable for a hearing of the application regarding the Lockerbie Claim.

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



Jeff Keeble CA•CIRP, CBV
Senior Vice-President

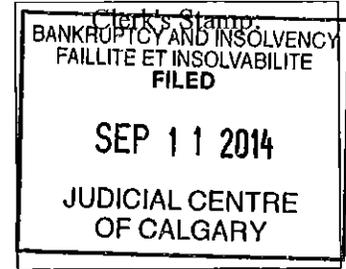
Schedules

Schedule 1

I hereby certify this to be a true copy of the original of which it purports to be a copy.

Dated this 11th day of September 2014
Registrar at Calgary
Bankruptcy Division of the
Court of Queen's Bench of Alberta

COURT FILE NUMBER 25-1799518
25-1799530
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COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE BANKRUPTCY OF
PLG CORPORATE SERVICES INC.
PLG RESIDENTIAL SERVICES INC.
SAS-CAN MASONRY AND RESTORATION INC.
ASTY CONSTRUCTION INC.
CON-FORTE CONTRACTING COMPANY INC.
PLUMB-LINE GROUP HOLDINGS INC.
(collectively referred to as the "Plumb-Line Group")

APPLICANT DELOITTE RESTRUCTURING INC., IN ITS CAPACITY AS TRUSTEE IN BANKRUPTCY, and not in its personal capacity

DOCUMENT ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Field LLP
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DATE ON WHICH ORDER WAS PRONOUNCED: September 11, 2014

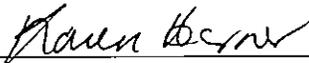
NAME OF REGISTRAR WHO MADE THIS ORDER: Madam Justice K. M. Horner

ORDER

UPON the Amended Application of Deloitte Restructuring Inc., the Trustee in Bankruptcy of the Plumb-Line Group (the "Trustee"); AND UPON HAVING read the Revised Brief of the Trustee dated September 4, 2014; AND UPON HEARING counsel for the Trustee and all other interested parties:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The time for service of the Application and all materials in support is hereby abridged to the date of actual service and service is hereby deemed good and sufficient on all required parties.
2. Funds paid into Court by 1571279 Alberta Ltd. (the "Funds") pursuant to Orders granted in Action No. 1301 12374 to discharge registrations of builders' liens under the *Builder's Lien Act* (Alberta) against lands legally described as Plan 1212789, Units 2, 7, 8, 11, 13, 14 and 19 (the "Property"), shall be paid out to the Trustee for distribution to creditors of PLG Residential Services Inc.
3. In the distribution of Funds by the Trustee, Canada Revenue Agency has priority over the Funds as against parties claiming builders' liens against the Property for work done under contract for PLG Residential Services Inc.


Justice of the Court of Queen's Bench of Alberta

- KH*
4. This order is without prejudice to the specific projects where the Blumstein Group has not filed a lien *KH* claim but one or more of its subcontractors has.

Schedule 2

IN THE MATTER OF THE BANKRUPTCIES OF

PLG RESIDENTIAL SERVICES INC., PLG CORPORATE SERVICES INC., ASTY CONSTRUCTION INC., CON-FORTE CONTRACTING COMPANY INC., SAS-CAN MASONRY AND RESTORATION INC. AND PLUMB-LINE GROUP HOLDINGS, INC.

**CONSOLIDATED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDED NOVEMBER 10, 2014**

	<u>Amount</u>	<u>Specific Notes</u>
RECEIPTS:		
Net Auction Proceeds	\$ 1,606,223	(1)
Accounts Receivable	953,327	
Rent	10,000	(2)
GST on accounts receivable	40,084	
Miscellaneous	129,549	(3)
GST collected	500	
TOTAL RECEIPTS	<u>2,739,684</u>	
DISBURSEMENTS:		
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	
TOTAL DISBURSEMENTS	<u>1,217,438</u>	
EXCESS RECEIPTS OVER DISBURSEMENTS REPRESENTED BY CASH IN BANK	<u><u>\$ 1,522,246</u></u>	

General Notes:

- (1) This Consolidated Interim Statement of Receipts and Disbursements includes PLG Residential Services Inc., PLG Corporate Services Inc., Asty Construction Inc., Con-Forte Contracting Company Inc., Sas-Can Masonry and Restoration Inc. and Plumb-Line Group Holdings, Inc. (collectively the "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 \$724,319 and additional funds totalling \$557,123 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 \$198,557 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.

IN THE MATTER OF THE BANKRUPTCIES OF

PLG RESIDENTIAL SERVICES INC., PLG CORPORATE SERVICES INC., ASTY CONSTRUCTION INC., CON-FORTE CONTRACTING COMPANY INC., SAS-CAN MASONRY AND RESTORATION INC. AND PLUMB-LINE GROUP HOLDINGS, INC.

CONSOLIDATED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD ENDED NOVEMBER 10, 2014

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 \$79,582 and a settlement with Shaw GMC Pontiac Buick ("Shaw") in the amount of \$14,149 related to the surplus proceeds from the sale of three vehicles.
- (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 Trustee received 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.