

District of Alberta
Division 01 - Edmonton
Court No. 24-2806908
Estate No. 24-2806908

TRUSTEE'S PRELIMINARY REPORT

IN THE MATTER OF THE BANKRUPTCY OF

915245 AB Ltd.

of the Town of Elk Point, in the Province of Alberta

Background

On February 22, 2022 (the "**NOI DATE**"), 915245 AB Ltd. (the "**Company**") filed a Notice of Intention to Make a Proposal (the "**NOI**"), pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act* (the "**BIA**"). The Court of Queen's Bench of Alberta (the "**Court**") granted two (2) extensions of time for the Company to file its proposal during the NOI proceedings. As the Company failed to file a proposal by the expiration of the second on June 18, 2022, the Company was deemed to have made an assignment in bankruptcy as at June 19, 2022. Deloitte Restructuring Inc. (the "**Trustee**") is the appointed Licensed Insolvency Trustee, subject to affirmation by the creditors at the first meeting of creditors.

The Company is registered in Alberta. Mr. Dwayne Vogel (the "**Mr. Vogel**") is the director of the Company. The Company provided oilfield services to businesses in the Elk Point, AB area and ceased operations on June 19, 2022.

Cause of insolvency

The Covid-19 pandemic caused a reduction in work and an increase in accounts receivable owed to the Company in excess of \$1,000,000. The Company bought equipment to fulfill a contract, but the customer did not fulfill their obligations resulting in an increase in liabilities and a reduction in income. The Company ultimately filed an NOI but was unable to file a proposal to its creditors, resulting in the deemed bankruptcy.

Notice to reader

In developing this report, the Trustee has relied upon unaudited financial information prepared by the Company's management (the "**Management**"), the Company's books and records, and discussions with Management. The Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook. The Trustee expresses no opinion or other form of assurance with respect to the

accuracy of any financial information presented in this report, or relied upon by the Trustee in preparing this report.

The Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of this report. The Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this report. Any use which any party makes of this report, or any reliance or decision to be made based on this report, is the sole responsibility of such party.

All amounts included herein are in Canadian dollars unless otherwise stated.

Section A – Assets

Class I – Inventory

None.

Class II – Cash on Hand

The Company did not have cash on hand on its Statement of Affairs; however, the Trustee has notified Servus Credit Union (the “**Servus**”) and TD Canada Trust (the “**TD**”) and requested that should any funds become available, they be paid to the Trustee.

Class III – Plant, Machinery and Equipment and Office Equipment

The Company disclosed on its Statement of Affairs equipment and tools with a value of \$14,775 and office furniture and equipment with a value of \$2,960. These assets are located at the Company shop in Elk Point, AB.

Class V – Books and Records

The books and records of the Company are currently being stored with the director of the Company in Elk Point, AB.

Class VI – Other Assets

Accounts Receivable

The Company disclosed on its Statement of Affairs accounts receivable totalling \$330,862 which are estimated to produce \$172,720. The Trustee has signified the accounts receivable. As at the date of this report, the Trustee has not received any funds in respect of the outstanding accounts receivable.

Vehicles

The Company disclosed on its Statement of Affairs a 2008 Polaris Ranger with an estimated value of \$4,000, 1953 and 1954 Chevrolet Trucks with estimated values of \$2,500 each, and a 2004 Chevrolet Colorado that had been destroyed and is currently being used for parts. The Trustee is in the process of confirming their estimated values.

Intercompany Loans

The Company disclosed on its Statement of Affairs intercompany loans totalling \$2,127,456. The Trustee is in the process of reviewing the supporting documents to ascertain the validity and collectability of the loans.

Equity Policies

The Company disclosed on its Statement of Affairs equity holdings from Cornerstone Co-operative (the "Co-op") for \$83,356 and from UFA Co-operative Limited (the "UFA") for \$496. The Trustee has signified the holdings with Co-op and UFA. As at the date of this report the Trustee has not received any funds from the policies.

Section B – Conservatory and Protective Measures

The assets of the Company are located at the Company site where the director's related company continues operations with K9 security to monitor the assets. The Trustee has received proof of insurance and is in the process of being added as loss payee and additional insured.

Section C – Legal Proceedings

None that have been brought to the attention of the Trustee.

Section D – Provable Claims

The Company estimated on its Statement of Affairs unsecured claims to be approximately \$3,626,117. As at the date of this report, the Trustee has received proofs of claim totalling approximately \$1,386,453.

Section E – Priority and Secured Creditors

CRA - payroll source deductions

The Company estimates that unremitted employee portion of payroll source withholdings, which will represent a deemed trust claim, totaled approximately \$536,888, at the date of bankruptcy. As of the date of this report, the Trustee has not yet received a proof of claim from CRA nor has an audit been scheduled by CRA.

As the value of the Company's assets may be insufficient to provide recovery to creditors subordinate to CRA, the Trustee has contacted CRA to request an agreement for its fees and disbursements to be taken from the realization of the Company's assets. The Trustee has not received a response from CRA as at the date of this report.

1369274 AB Ltd.

The Company estimates that 1369274 AB Ltd. has a secured claim of approximately \$1,773,380. Pursuant to an Alberta Personal Property Registry (the "PPR") search, 1369274 AB Ltd. has registered security over all present and after-acquired property of the Company. As of the date of this report, the Trustee has not yet received a proof of claim from 1369274 AB Ltd.

Canadian Western Bank (the "CWB")

The Company estimates that CWB has a secured claim of approximately \$194,285 where the Company is listed as a Guarantor. Pursuant to a PPR search, CWB has registered security over all present and after-acquired property of the Company. As of the date of this report, the Trustee has not yet received a proof of claim from CWB.

CWB National Leasing Inc.

Pursuant to a PPR search, CWB National Leasing Inc. has registered security over all photocopiers held with the Company. As of the date of this report, the Trustee has not yet received a proof of claim from CWB National Leasing Inc.

Dynamic Capital Equipment Finance Inc. (the "Dynamic")

The Company estimates that Dynamic has a secured claim of approximately \$59,486 where the Company is listed as a Guarantor. Pursuant to a PPR search, Dynamic has registered security over a 2014 Lazer Inox TC406, 2012 Advance TC406, 2013 Heil Tridem Crude, 2007 Utility Reefer, 2013 Heil Tri Axle Commercial and 2012 Advance Dunte Tra/Rem Tri trailers. As of the date of this report, the Trustee has not yet received a proof of claim from Dynamic.

Essex Lease Financial Corporation (the "Essex")

The Company estimates that Essex has a secured claim of approximately \$2,389,269. Pursuant to a PPR search, Essex has registered security over all present and after-acquired property of the Company. As of the date of this report, the Trustee has not yet received a proof of claim from Essex.

Servus Credit Union Ltd.

The Company estimates that Servus has a secured claim of approximately \$2,864. Pursuant to a PPR search, Servus has registered security over a 2013 and 2014 Tremcar Super B and Tremcar Super B

Pup trailers, and all present and after-acquired property of the Company. As of the date of this report, the Trustee has not yet received a proof of claim from Servus.

Vogel Family Trust (the "VFT")

The Company estimates that VFT has a secured claim of approximately \$1,669,371. Pursuant to a PPR search, VFT has registered security over all present and after-acquired property of the Company. As of the date of this report, the Trustee has not yet received a proof of claim from VFT.

Section F – Realization and Projected Distribution

Due to the quantum of priority claims and the debts owed to the secured creditors, there does not appear to be sufficient value in the Company's assets to provide any recovery to the unsecured creditors.

Section G – Reviewable Transactions and Preference Payments

The Trustee is in the process of reviewing the sale and transfer of certain assets prior to the bankruptcy, to ensure the sale and transfers have been done at fair market value.

Section H – Third Party Deposits or Guarantees

The Trustee received a total of \$50,000 in the administration of the Notice of Intention to guarantee fees.

Section I – Other Matters

None at this time.

Dated at Edmonton, this 7th day of July, 2022.

DELOITTE RESTRUCTURING INC.

In its capacity as Licensed Insolvency Trustee of the Estate of
915245 AB Ltd., in bankruptcy
And not in its personal capacity



Darren Crocker, CPA, CGA, CIRP, LIT
Senior Vice-President