



COURT FILE NUMBER Q.B.G. 40 of 2019

COURT COURT OF QUEEN'S BENCH FOR SASKATCHEWAN

JUDICIAL CENTRE YORKTON

PLAINTIFF THE TORONTO-DOMINION BANK

DEFENDANTS EMW INDUSTRIAL LTD., EMW INDUSTRIAL INC., E&S MORRISON FAMILY HOLDINGS LTD., EMW HOLDINGS LTD., PEPPER MAINTENANCE (CANADA) 2005 LTD., and EMW REAL ESTATE CO. LTD.

DOCUMENT **SECOND REPORT OF THE COURT APPOINTED RECEIVER OF EMW INDUSTRIAL LTD., EMW INDUSTRIAL INC., E&S MORRISON FAMILY HOLDINGS LTD., PEPPER MAINTENANCE (CANADA) 2005 LTD., EMW HOLDINGS LTD., AND EMW REAL ESTATE CO. LTD.**

**PREPARED BY DELOITTE RESTRUCTURING INC.**

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## INTRODUCTION

- 1) On April 11, 2019 (the "**Date of Receivership**"), Deloitte Restructuring Inc. ("**Deloitte**") was appointed by Order of the Court of Queen's Bench for Saskatchewan in Bankruptcy and Insolvency (the "**Receivership Order**") as the receiver (the "**Receiver**"), without security, of all the personal property of EMW Industrial Ltd. ("**EMW**"), EMW Industrial Inc. ("**EII**"), E&S Morrison Family Holdings Ltd. ("**E&S**"), Pepper Maintenance Canada (2005) Inc. ("**PMC**"), EMW Holdings Ltd. ("**Holdings**"), and EMW Real Estate Co. Ltd. ("**Real Estate Co.**") (collectively the "**Debtors**" or the "**Companies**") acquired for, or used in relation to the business carried on by the Debtors, including all proceeds thereof (the "**Property**"), including, but not limited to, all goods, inventory, equipment, accounts receivable, and other intangibles, and all proceeds of any of the Property.
- 2) The Receivership Order was granted as a result of an application by The Toronto-Dominion Bank ("**TD Bank**"), which holds registered security over all of the Companies' present and after-acquired personal property (the "**TD Bank Security**").
- 3) The Receiver issued its first report to Court (the "**First Report**") on May 17, 2019 in connection with seeking an Order of the Court approving the Farm Management Agreement and the Inter-Creditor Priority Agreement (as defined in the First Report), and the sale of existing grain inventory with respect to the operations of E&S Morrison Family Holdings Ltd. On May 21, 2019, the Receiver issued the Supplement to the First Report of the Receiver (the "**Supplement to the First Report**") in connection with seeking an Order of the Court approving the offer for 10 specific vehicles, equipment and its associated inventory and the vesting of title to the assets to the purchasers. The relief requested was granted by the Court pursuant to two Orders pronounced on May 22, 2019 (the "**May 22 Orders**").
- 4) The Receivership Order, the May 22 Orders, together with related Court documents, the First Report and this second report (the "**Second Report**") have been posted on the Receiver's website (the "**Receiver's Website**") at [www.insolvencies.deloitte.ca/en-ca/EMW](http://www.insolvencies.deloitte.ca/en-ca/EMW).
- 5) In addition to this Second Report, the Receiver has prepared a confidential supplement to the Second Report dated July 26, 2019 (the "**Supplement to the Second Report**") which the Receiver is seeking to be sealed in the Court file.
- 6) Unless otherwise provided, all other capitalized terms not defined in this Second Report are as defined in the First Report or the Receivership Order.

### Purpose

- 7) The purpose of this Second Report is to:
  - a) Provide the Court with an update of the Receiver's activities since the date of the First Report;

- b) Provide the Court with additional information regarding the operations of CanWest Laserworks Ltd. ("**CanWest**") and seek advice and direction from this Honourable Court in respect of CanWest (as discussed later in this Second Report);
- c) Provide the Court with additional information regarding the Summit Assets (as defined later in the Second Report) and seek advice and direction from this Honourable Court in respect of the Summit Assets (as discussed later in this Second Report); and
- d) Respectfully recommend that this Honourable Court:
  - i. Approve the activities, fees, and disbursements of the Receiver as described in this Second Report, including, without limitation, the steps taken by the Receiver pursuant to the Receivership Order, and the fees of the Receiver's legal counsel;
  - ii. Approve the Century Proposal for the sale of the Assets (both terms as defined later in this Second Report);
  - iii. Grant an Order sealing the Supplement to the Second Report in the Court file; and
  - iv. Provide such further and other relief that the Court considers just and warranted in the circumstances.

### **Terms of Reference**

- 8) In developing this Second Report, the Receiver has relied upon unaudited financial information prepared by the Debtors' management, the Debtors' books and records and discussions with its management. The Receiver 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 Canada Handbook* and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the information.

### **Currency**

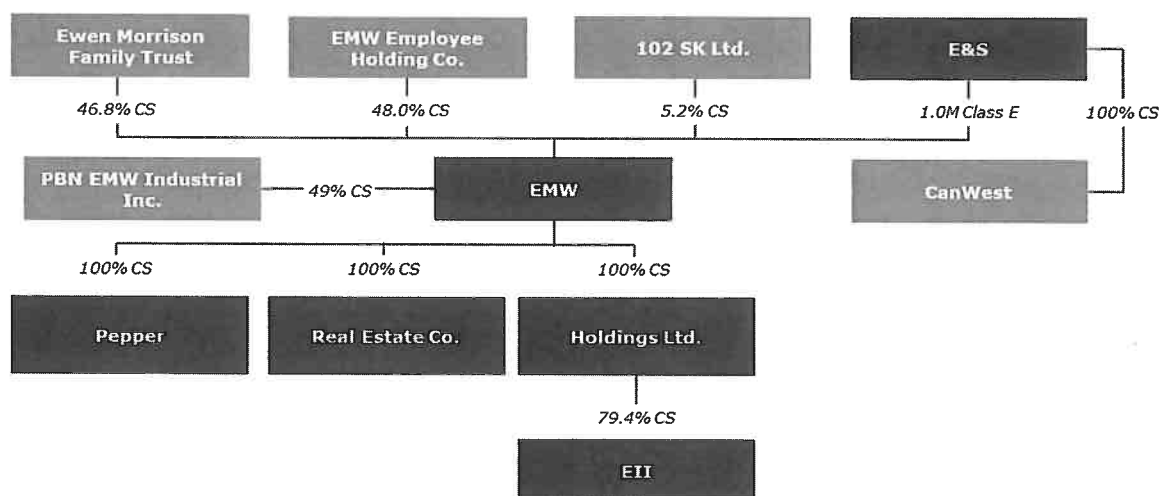
- 9) All dollar amounts in this Second Report are in Canadian dollars, unless otherwise indicated.

### **BACKGROUND**

- 10) EMW, Pepper Maintenance and EII's services centered around design, fabrication, and maintenance inspections for the agricultural, mining, and industrial industry. E&S owns land and operates a farming operation. Real Estate Co. owns the head office building,

land, and parking lots used by EMW and Pepper Maintenance located at 206 Commercial Street in Saltcoats, Saskatchewan (the "**Saltcoats Office**").

- 11) TD Bank is one of the principal lenders to the Companies and holds various first ranking security positions against EMW, Pepper Maintenance and EII and its assets. TD Bank was owed approximately \$6.5 million as at the Date of Receivership. Farm Credit Canada ("**FCC**") holds registered mortgages against assets of E&S and Real Estate Co. and was owed approximately \$7.5 million as at the Date of Receivership.
- 12) The Receiver notes that there are approximately 12 additional creditors with Personal Property registrations against various assets leased to EMW.
- 13) A summary of the corporate structure of the Debtors and related companies is as follows:



- 14) Additional background information concerning the Companies is contained in the First Report.

## **POWERS OF THE RECEIVER**

- 15) The Receivership Order authorized the Receiver to, among other things, manage, administer, maintain, operate, and market and sell the Property (subject to Court approval if one sale exceeds \$100,000 or if in aggregate, the sales exceed \$1,000,000).
- 16) The Receivership Order also authorized the Receiver to borrow up to \$500,000 without further approval of the Court for the purpose of carrying out its duties and powers (the "**Borrowing Facility**").

## RECEIVER'S ACTIVITIES

- 17) The Receiver has undertaken the following activities since the date of the First Report:
- a) Corresponded with various creditors, employees and other interested parties with respect to the receivership proceedings;
  - b) Corresponded with prospective purchasers regarding offers to purchase certain assets and negotiating the terms and condition of certain sales;
  - c) Corresponded with Summit Acceptance Corp ("**Summit**") and its legal counsel with respect to 105 leased assets, as discussed later in this Second Report;
  - d) Negotiated temporary occupation of storage facilities in Alberta, Ontario, and North Dakota, where certain assets were being held;
  - e) Administered the Wage Earner Protection Program and corresponded with former employees with respect to same.
  - f) Prepared for and met with Canada Revenue Agency (the "**CRA**") to conduct the pre-receivership audit of EMW's Goods and Services Tax ("**GST**") and payroll accounts, and responded to all subsequent queries from CRA;
  - g) Prepared the 2018 year end corporate income tax return for EMW with the view to recover potential income tax refunds;
  - h) Dealt with post-receivership GST matters;
  - i) Arranged for amendments to the existing insurance policies to reflect the current state of the Property;
  - j) Undertook collection efforts in respect of outstanding accounts receivables ("**AR**");
  - k) Corresponded with Great West Life with respect to the pension plan held by the Companies;
  - l) Corresponded with McDougall Gauley LLP ("**McDougall**"), the Receiver's legal counsel, on various legal matters relating to the receivership;
  - m) Drafted, reviewed and finalized this Second Report; and
  - n) Addressed additional matters as they arose from time to time.

## **CANWEST LASERWORKS**

- 18) As discussed in the First Report, CanWest is wholly owned by E&S and offered laser technology and steel cutting services to EMW's Fabrication division.
- 19) CanWest is not in receivership; however, its operations were fully integrated with EMW. Management advised that all of CanWest's business functions were facilitated by EMW employees. The Receiver further understands that the CanWest AR was recorded and billed through EMW's accounting system, and all CanWest computer systems and office services were provided through EMW accounts. Consequently, CanWest's business has ceased as a result of EMW's receivership.
- 20) Because CanWest's operations were integrated with EMW, the Receiver has collected approximately \$2,400 of CanWest AR through its efforts to collect EMW's outstanding AR.
- 21) The Receiver has also been contacted by various creditors who are looking to retrieve proprietary information that was provided to CanWest for specific projects.
- 22) The Receiver respectfully requests direction from this Honourable Court with respect to the receipt of CanWest AR and returning proprietary information to former CanWest customers. The Receiver proposes that this Honourable Court authorize the Receiver to initiate all necessary steps pursuant to the Receivership Order to maximize CanWest AR recoveries and to return proprietary information to respective CanWest customers.

## **ASSETS**

### **Accounts Receivable**

- 23) As at the Date of Receivership, the Receiver obtained a copy of the Companies' AR sub-ledger, which indicated that EMW was owed approximately \$4.6 million from various parties.
- 24) As at the date of this Second Report, the Receiver has collected approximately \$1.4 million (31%) of EMW's outstanding AR.
- 25) Of the remaining \$3.2 million of outstanding AR, the Receiver has identified that approximately \$52,027 is owed by related entities. The Receiver is of the view that these amounts are uncollectible, as the related entities are unable to make any payments. Approximately \$1.9 million of the outstanding AR is subject to disputes, lien claims and/or claims for offset by customers, making the Receiver's collection efforts more difficult. Of the remaining approximately \$1.2 million, the Receiver is of the view that these amounts are collectible as it has not received any response from the respective customers (disputing the amounts).
- 26) TD Bank continues to allow deposits into the bank accounts to facilitate timely collection of AR through wire payments and account transfers. Funds are being transferred by TD Bank to the Receiver's accounts on approximately a weekly basis.



- 27) The Receiver intends to continue its collection efforts on the remaining AR.

### **Appraisal**

- 28) The Receiver engaged Century Services Corp. ("**Century**") to perform an appraisal of EMW's owned and leased equipment and vehicles.
- 29) The appraisal dated May 22, 2019 (the "**Century Appraisal**") is based on asset inspections executed by Century on May 7, 2019 and May 8, 2019 at the Saltcoats Office and the EMW Yard. The Century Appraisal does not include EMW's Inventory (as defined later in this Second Report).
- 30) The Century Appraisal is more fully described in the Supplement to the Second Report.

### **Inventory**

- 31) According to EMW's records, there were small tools and project supplies located at the various EMW Locations and project sites (the "**Inventory**") with a book value of approximately \$4.0 million which the Receiver is collecting and moving to the EMW Yard.

### **Equipment and vehicles**

- 32) As discussed in the First Report, the Companies' equipment and vehicles (the "**Equipment and Vehicles**") were in various locations throughout Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, and the United States at the Date of Receivership.
- 33) As at the date of this Second Report, all Equipment and Vehicles located in Saskatchewan have been relocated to the EMW Yard.
- 34) The Receiver engaged Century Services to collect all Equipment and Vehicles located in Alberta, Manitoba, and Ontario. Century has advised that all of the Equipment and Vehicles have been relocated to its auction yards in Fort Saskatchewan, Alberta and Mississauga, Ontario.

### **Life Insurance Policy**

- 35) EMW maintained key man life insurance on Ewen Morrison in the amount of \$6.0 million (the "**Sun Life Policy**") through Sun Life Assurance Company of Canada. The Receiver has arranged to maintain the Sun Life Policy, in the short term, and has been added as a loss payee on the policy pending a review of available options such as a sale of the Sun Life Policy, by the Receiver's legal counsel.

### **PBN EMW Industrial Limited Partnership**

- 36) On January 1, 2017, EMW entered into a partnership agreement (the "**Partnership Agreement**") with Pinehouse Business North Limited Partnership ("**PBN**"). The Partnership Agreement included both a general partner and a limited partner (the "**Limited Partnership**")

- 37) As at the Date of Receivership, EMW held a 49% stake in the Limited Partnership. As a result of the receivership, EMW was in default of its obligations under the Partnership Agreement and PBN exercised its right of acquisition pursuant to the Partnership Agreement.
- 38) The Limited Partnership had one project in progress with SaskPower, which was terminated by SaskPower on May 14, 2019 as a result of the Limited Partnership advising SaskPower that the Limited Partnership intended to cease carrying on business. The Receiver understands that SaskPower received all materials it paid for in connection with the project.
- 39) PBN provided the June 17, 2019 interim financial statements of the Limited Partnership (the "**Interim Financial Statements**") to the Receiver. The Interim Financial Statements reflected an account payable to EMW in the amount of \$26,172 and the value of EMW's 49% ownership stake in the Limited Partnership in the amount of \$43,397, for a total owing to EMW of \$65,569.
- 40) PBN initially advised the Receiver that it believed no amounts were owed to EMW as a result of: i) EMW's receivership; ii) PBN's interpretation of the Partnership Agreement; and iii) alleged losses PBN would suffer. The Receiver reviewed the various partnership documents and proposed a settlement with PBN taking into consideration certain costs PBN would incur to wind up the Partnership Agreement. The Receiver proposed a settlement in the amount of \$64,570, which PBN accepted.

## **CREDITORS CLAIMS**

### **Secured Creditors**

- 41) The Receiver's independent legal counsel, McDougall, conducted an independent review of the validity and enforceability of each creditor's security on the Companies' assets and, subject to normal assumptions and qualifications, determined the majority of the registrations were properly registered and valid.
- 42) In respect of the valid and enforceable security interests, the Receiver has taken the following actions:
  - a) Arranged for the buy-out of the assets leased from Element Fleet Management Inc. after determining there was equity in the assets. The Receiver obtained a bill of sale providing title to the assets to the Receiver;
  - b) Disclaimed its interest in the assets leased from Xerox Canada after determining there was no equity in these assets;
  - c) Arranged for the buy-out of the assets leased from Ford Credit Canada Company after determining there was equity in the assets. The Receiver has requested a bill of sale providing title to the assets to the Receiver;

- d) Disclaimed its interest in the asset leased from Wells Fargo Equipment Finance. The Receiver understands that the asset was leased jointly with PBN, and that PBN was in possession of the asset and had maintained the lease obligations from the outset of the lease agreement;
  - e) Arranged for the buy-out of the assets leased from Caterpillar Financial Service Limited after determining there was equity in the assets. The Receiver obtained a bill of sale providing title to the assets to the Receiver;
  - f) Disclaimed its interest in the assets financed through S&P Financial Services, Inc. after determining there was no equity in the assets;
  - g) Disclaimed its interest in the assets leased from Enterprise Fleet Management after determining there was no equity in the assets;
  - h) Disclaimed its interest in the software and related components leased from CWB National Leasing as the Receiver did not require access to the software and it was determined that there was no equity in the intangible assets;
  - i) Entered into a verbal arrangement with HSBC Bank Canada ("**HSBC**") with respect to assets included in the 18 leasing contracts held under the Master Lease Agreement between HSBC and EMW. The Receiver has agreed with HSBC to include the HSBC leased assets in the proposed EMW asset auction. Sales of the HSBC leased assets will be subject to the same fees, costs and commissions as the EMW owned assets noted in the Century Proposal (as defined later in this Second Report). Sales of the HSBC leased assets will be accounted for separately and the net sales proceeds realized thereon will be provided to HSBC in the normal course.
- 43) The Equipment and Vehicles leased from Summit comprises 105 units (the "**Summit Assets**"). The Receiver, with its legal counsel, reviewed the lease agreements, assessed security registrations, and determined whether certain of the Summit Assets had an equity value above the value of the current buy-out amounts provided by Summit.
- 44) On May 24, 2019, the Receiver disclaimed its interest in the four Summit Assets located in the United States after determining that there was no equity in those assets. The Receiver was also unable to obtain insurance on the assets located in the United States.
- 45) On June 26, 2019, Summit accepted the Receiver's proposal in which the Receiver disclaimed its interest in 52 Summit Assets, and arranged for the buy-out of nine Summit Assets (the "**Purchased Assets**") where it was determined there was equity in the Purchased Assets. The Receiver will place the nine Purchased Assets in the pending auction of EMW's Equipment and Vehicles.
- 46) As at the Date of Receivership, Summit had not registered at the Saskatchewan Personal Property Registry Search (the "**PPR**") in respect of 40 of the Summit Assets. A list of the 40 Summit Assets is attached as Appendix "**A**".

- 47) On July 25, 2019, the Receiver's counsel obtained an updated PPR search and determined that Summit registered a financing statement with respect to certain Summit Assets on June 26, 2019, including the 40 Summit Assets, as follows:
- i) 27 items of serial numbered property were added to the serial property section of the financing statement; and
  - ii) 18 other assets (some of which appear to be serial numbered property) were added to the general property section of the financing statement.

A copy of the registration is attached as Appendix "B".

- 48) The Receiver is seeking this Honourable Court's advice and direction, including as to whether the Receiver can now address the 40 Summit Units in the same manner as the other Summit Assets have been dealt with by the Receiver.

### **Canada Revenue Agency**

- 49) CRA has deemed trust claims against the Companies in the amount of approximately \$1.5 million in connection with non-remitted employee payroll source deductions (the "**Deemed Trust Claim**"). CRA is currently conducting payroll and GST audits on the Companies and the Receiver anticipates it will receive the audit results on or before August 31, 2019.
- 50) As noted in Paragraph 17(g), the Receiver completed and filed with CRA EMW's 2018 year end corporate income tax return. The Receiver is claiming a significant refund from CRA exceeding \$1.0 million arising from the ability to carry back tax losses to prior years where EMW paid significant corporate taxes. The Receiver expects CRA will apply the refund against penalties, interest, and the Deemed Trust Claim in connection with amounts owed for the non-remitted payroll source deductions.

### **Wage Earner's Protection Program**

- 51) As at the Date of Receivership, there were outstanding employee claims for wages, vacation pay and termination pay owing for the Companies. Pursuant to the Wage Earner's Protection Program Act ("**WEPPA**"), Human Resources and Skills Development Canada will have a priority claim over the current assets of the Companies for any qualifying employee arrears of up to \$2,000 per employee (the "**WEPPA Trust Claim**").
- 52) A total of 215 WEPPA packages were sent to eligible employees. As at the date of this Second Report, the Receiver has received 205 claims from the employees and uploaded these claims to Service Canada (approximately 94% of all employees). Service Canada has assessed and paid out approximately 97% of the claims filed, resulting in a WEPPA Trust Claim of approximately \$371,910 against EMW.

## SALES PROCESS

- 53) As discussed in the First Report, the Receiver was contacted by several parties who expressed interest in purchasing ongoing project contracts and the Receiver took steps to run a very timely condensed sale process to attempt to realize value on these projects and associated AR.
- 54) No offers were submitted for the purchase of any projects; however, as at the date of this Second Report, the Receiver has received five unsolicited offers from various parties to purchase certain EMW assets.
- 55) The Receiver advised all interested parties that in order for an unsolicited offer to be considered by the Receiver, the offer must:
  - i) be assessed by the Receiver as fair market value in the circumstances; and
  - ii) be commercially reasonable such that a sale of the assets would not negatively impact the value to be recovered in any future auction/liquidation process.
- 56) On May 22, 2019, this Honourable Court approved the sale of 10 pieces of equipment to Credence Construction Ltd.
- 57) On June 26, 2019, the Receiver executed a purchase and sale agreement with Tundra Mechanical and Millwrighting for one piece of equipment and a storage shed including all of its contents (the "**Tundra Sale**") in the amount of \$10,000.
- 58) On July 3, 2019, the Receiver executed a purchase and sale agreement with Nordstrong Equipment Ltd. ("**Nordstrong**") for 54 inventory items at a purchase price of \$20,000 that were part of a consignment agreement between Nordstrong and EMW (the "**Nordstrong Sale**"). Nordstrong filed a property claim with the Receiver which the Receiver disallowed pursuant to McDougall's security review, as Nordstrong had an unperfected security interest with respect to the consignment goods pursuant to section 3(1) of *The Personal Property Security Act, 1993* (Saskatchewan).
- 59) Court approval was not required with respect to the Tundra Sale and the Nordstrong Sale as the purchase prices, both respectively and in aggregate, did not exceed the transaction thresholds outlined in the Receivership Order.

## AUCTION SALE PROCESS

- 60) Following the Date of Receivership, the Receiver solicited proposals from two national auction/liquidation firms, Century Services Inc. ("**Century**") and Ritchie Bros. Auctioneers (Canada) Ltd. for the auction of the Companies' Equipment and Inventory (the "**Auction Sales Process**"). The auction proposals were received by May 31, 2019. The Receiver was also directly contacted by three local auctioneers/liquidators, McDougall Auctioneers Ltd., Team Auctions and Yorkton Auction Centre; however, the local auctioneers/liquidators were not able to administer an auction of this magnitude.

- 61) The Receiver reviewed the proposals submitted by the various auction companies and accepted the proposal put forward by Century (the "**Century Proposal**"), subject to Court approval, which is summarized below:
- a) Century will charge a straight commission of 5% on all proceeds.
  - b) Century will cover all expenses up to but not exceeding \$150,000 with the exception of garbage disposal costs during clean-up, which will be at the expense of the Receiver.
  - c) The auction will be held in three potential locations where assets are being stored:
    - i. At the EMW Office and Yard in Saltcoats, SK on September 5, 2019;
    - ii. At one of Century's auction yards in Edmonton, AB on September 19, 2019;
    - iii. At one of Century's auction yards in Ontario (if required). Century is assessing the cost benefit of relocating the Ontario assets to Alberta for resale; and
    - iv. The established auction completion date is September 30, 2019.
  - d) Century will advertise the auction through local newspapers, internet, social media, and solicit business contacts through direct email solicitation. Bidding will be available live and on-line.
- 62) Based on the Auction Sales Process and comparison of proposals received, the Receiver is of the view that acceptance of the Century Proposal will result in maximizing recoveries for the estate.
- 63) The Receiver respectfully requests this Honourable Court approve the Century Proposal for the reasons outlined herein and in the Supplement to the Second Report. The Century Proposal is more fully described in the Supplement to the Second Report along with the other proposals and offers received. In addition, in order to facilitate the transfer of the Assets to the various purchasers following the auction, the Receiver is seeking an Order requesting the aid and recognition of any Court, tribunal, regulatory or administrative body having jurisdiction in Canada to assist in conveying title of the Assets to the respective purchasers of the Assets.
- 64) The Receiver has discussed and shared the offer and proposals received through the Auction Sales Process with TD Bank, which holds security over the majority of EMW's Equipment and Inventory and TD Bank is in agreement with the Century Proposal.

## **FEES AND DISBURSEMENTS OF THE RECEIVER**

- 65) The Receiver's professional fees are calculated based on hours spent at rates established by each professional based on their qualifications and experience.
- 66) The Receiver's fees and disbursements in relation to the administration of the Receivership up to and including July 19, 2019 total approximately \$459,850 (excluding GST). This total includes an interim invoice for Receiver's fees and disbursements from April 11, 2019 to May 13, 2019 for approximately \$286,850 (excluding GST).
- 67) In the Receiver's opinion, the services rendered in respect of these fees and disbursements have been duly rendered in response to required and necessary duties of the Receiver hereunder, and are reasonable in the circumstances. Detailed time records supporting the invoice are available in the office of the Receiver.

## **FEES AND DISBURSEMENTS OF LEGAL COUNSEL**

- 68) The Receiver's legal counsel's cumulative fees and disbursements on this matter total approximately \$86,890 (excluding GST) to July 22, 2019. The accounts of the Receiver's legal counsel are calculated based on hours spent at rates established by each professional based on their qualifications and experience. The Receiver is of the opinion that legal counsel's fees are reasonable and appropriate in the circumstances.

## **STATEMENT OF RECEIPTS AND DISBURSEMENTS**

- 69) The Receiver has prepared a Statement of Receipts and Disbursements (the "**SRD**") for the period of April 11, 2019 to July 22, 2019 for the EMW Group of Companies. The SRD is attached as Appendix "**C**".
- 70) As at the date of the Second Report, the Receiver has realized sufficient funds from the collection of accounts receivable and sale of certain Equipment and Inventory such that it has not had to draw on the Court authorized Borrowing Facility to fund the receivership proceedings.

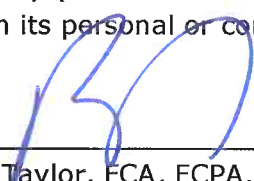
## **CONCLUSIONS AND RECOMMENDATIONS**

- 71) Based on the foregoing, the Receiver respectfully recommends that this Honourable Court grant the relief detailed in Paragraph 7 c) of the Second Report and such further and other relief, as this Honourable Court deems appropriate in the circumstances.

All of which is respectfully submitted at Calgary, Alberta this 26<sup>th</sup> day of July 2019.

**DELOITTE RESTRUCTURING INC.**

Solely in its capacity as  
Court appointed Receiver of  
The Property (as defined herein)  
And not in its personal or corporate capacity

A handwritten signature in blue ink, appearing to be 'R. Taylor', is written over a horizontal line.

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Robert J. Taylor, FCA, FCPA, CIRP, LIT, CFE  
Senior Vice-President



# **APPENDIX A**

In the Matter of the Receivership of  
EMW Industrial Ltd.  
Summary of Remaining Summit Assets

Vehicle Type Description	Year	Make	Model	Serial Number	Vehicle Unit #	Plate #
		Caterpillar	Electric Fork Lift	2EP5000 Electric	253	N/A
Tool body(annual costs and charge included with unit)		Axiom -Knapheide		20180831-0593129	562	N/A
Tool body(annual costs and charge included with unit)		Axiom -Knapheide		20180905-0593451	563	N/A
1 Ton with flat deck, 5 wheel (350, 3500)	2017	Ford	F350	1FD8W3HT8HED47264	630	LS6713 (BC)
1 Ton with factory box, 5 wheel (350, 3500)	2018	Ford	F350	1FT8W3DT4JEC31916	638	CBN2269 (AB)
1 Ton with flat deck, 5 wheel (350, 3500)	2016	Chev	Silverado 3500	1GD42VC88GF158051	387	BXL 0977 (AB)
1 Ton with factory box, 5 wheel (350, 3500)	2016	Ford	F350	1FT8W3DTXGEC93734	394	AP21283 (ON)
.75 ton 6 pass with topper and /or additional equip(ELE)	2017	Chev	2500	1GC1KWE67HF123259	620	616 KMH
.5 ton 6 pass w trairling pkg (heavy suspension, brake controller)	2016	Chev	1500	3GTU2NEC8GG367116	606	BYS5516 (AB)
.5 ton 6 pass w trairling pkg (heavy suspension, brake controller)	2016	Chev	1500	3GCUKSEC2GG321201	607	947 KJN
.5 ton 6 pass w trairling pkg (heavy suspension, brake controller)	2016	Chev	1500	3GCUKREC2GG331087	605	BYK4698 (AB)
SUV	2016	Ford	Edge	2FMPK4J96G8B16529	382	952 KEP
.5 ton 6 pass w trairling pkg (heavy suspension, brake controller)	2016	Ford	F150	1FTFW1EF6F872883	603	115 KJE
Small work trailer	2015		Millcosteel trailer	2T9FV18237B004005	143	5JM417 (AB)
.75 ton 6 pass	2015	GMC	Sierra 2500	1GC1KVEG5FF531668	377	KB3976 (BC)
Small work trailer	2015		Millcosteel trailer	2TN9FV18277B04007	145	23140U (BC)
.5 ton 6 pass w trairling pkg (heavy suspension, brake controller)	2016	Ford	F150	1FTFW1EF9GK36696	602	116 KJE
Small work trailer	2015		Millcosteel trailer	2T9FV18217FB004004	142	348 KBF
Spacecap (annual costs and charge included with unit)		Spacecap	Wild	301288	554	N/A
.5 ton 6 pass w trairling pkg (heavy suspension, brake controller)	2016	Chev	1500	3GCUKREC3GG267397	608	948 KJN
.5 ton 6 pass	2026	Ford	F150	1FTFX1EF5GF879832	395	AP21282 (ON)
SUV	2016	Ford	Explorer 4DR 4WD	1FM5K8DHXGGA48889	383	723 KFH
Small work trailer	2015		Millcosteel trailer	2T9FV18257B004006	144	077 KDP
Spacecap (annual costs and charge included with unit)		Spacecap	Wild	229525	556	N/A
Deck(annual costs and charge included with unit)					561	N/A
Tool body(annual costs and charge included with unit)		Axiom -Knapheide		20180902-0593675	564	N/A
.5 ton 6 pass w trairling pkg (heavy suspension, brake controller)	2016	Ford	F150	1FTFW1EF7GFK36695	604	114 KJE
.5 ton 6 pass	2014	Ford	F-150	1FTFW1EF7EKF64882	357	603 JPN
.5 ton 6 pass	2014	FORD	F-150	1FTFW1EF2EKF83145	358	606 JPN
Small work trailer	2015		Millcosteel trailer	2T9FV18279FB004003	141	CLH 588 (MB)
1 Ton with factory box, 5 wheel (350, 3500)	2016	Dodge	Ram 3500	3C63RRHL3GG276935	380	867 KEP
1 Ton with flat deck, 5 wheel (350, 3500)	2015	Dodge	3500	3C7WRTCL3FG556706	58	BXX8894 (AB)
1 Ton with flat deck, 5 wheel (350, 3500)	2016	Dodge	Ram 3500	3C63RRHL4GG263451	381	CES313 (MB)
.75 ton extended cab	2015	Ford	F250 Super Duty	1FT7X2B68FEB47394	355	389 KWK
.5 ton 6 pass	2014	Ford	F150	1FTFW1EF2EKF98924	367	306 JRF
.5 ton 6 pass	2016	Ford	F150	1FTEW1EP9GKE36103	388	108 KFW
1 Ton with flat deck, 5 wheel (350, 3500)	2016	Ford	F350	1FD8W3HT7GEB36460	373	339 KAR
1 Ton with factory box, 5 wheel (350, 3500)	2015	Ford	F350	1FT8W3DT8FEA84717	365	308 JRF
1 Ton with flat deck, 5 wheel (350, 3500)	2014	Chev	Silverado 3500	1GD423C88EF152090	375	658 KCJ
Spacecap (annual costs and charge included with unit)		Spacecap	Wild	230588	559	N/A

# **APPENDIX B**



# Saskatchewan Personal Property Registry Search Result

## Current - Similar

**Registration Type:** Personal Property Security Agreement  
**Registration Date:** 26-Jun-2019 10:59:36

**Registration #:** 301919819  
**Expiry Date:** 26-Jun-2021

**Event Type:** Setup  
**Transaction Reason:** Regular

**Notations**

**Trust Indenture:** No

**Registrant**

<b>Party ID:</b> 152995014 - 1 <b>Entity Type:</b> Business <b>Name:</b> SUMMIT ACCEPTANCE CORP	<b>Address:</b> 4620 BLACKFOOT TR SE CALGARY, Alberta T2G4G2 Canada
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**Secured Party**

<b>Item #:</b> 1 <b>Party ID:</b> 152995014 - 1 <b>Entity Type:</b> Business <b>Name:</b> SUMMIT ACCEPTANCE CORP	<b>Address:</b> 4620 BLACKFOOT TR SE CALGARY, Alberta T2G4G2 Canada
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**Debtor Party**

* <b>Item #:</b> 1 <b>Party ID:</b> 153020538 - 1 <b>Entity Type:</b> Business <b>Name:</b> EMW INDUSTRIAL LTD	<b>Address:</b> BOX 416 206 COMMERCIAL STREET SALTCOATS, Saskatchewan S0A3R0 Canada
* <b>Item #:</b> 2 <b>Party ID:</b> 153263138 - 1 <b>Entity Type:</b> Business <b>Name:</b> EMW INDUSTRIAL LTD	<b>Address:</b> BAY H, 132 BROADWAY ST WEST YORKTON, Saskatchewan S3N0M4 Canada

**Serial Property**

<b>Item #:</b> 1 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1GD42VC88GF158051 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> CHEVROLET <b>Model:</b> SILVERADO <b>Color:</b>
<b>Item #:</b> 2 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 3GCUKREC2GG331087 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> CHEVROLET <b>Model:</b> SILVERADO <b>Color:</b>
<b>Item #:</b> 3 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 3GTU2NEC8GG367116 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> CHEVROLET <b>Model:</b> SILVERADO <b>Color:</b>
<b>Item #:</b> 4 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1GD423C88EF152090 <b>Override:</b> No	<b>Year:</b> 2014 <b>Make/Desc.:</b> CHEVROLET <b>Model:</b> SILVERADO <b>Color:</b>
<b>Item #:</b> 5 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1GC1KWEG7HF123259 <b>Override:</b> No	<b>Year:</b> 2017 <b>Make/Desc.:</b> CHEVROLET <b>Model:</b> SILVERADO <b>Color:</b>
<b>Item #:</b> 6 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 3GCUKSEC2GG321201 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> CHEVROLET <b>Model:</b> SILVERADO <b>Color:</b>
<b>Item #:</b> 7	<b>Year:</b> 2016



# Saskatchewan Personal Property Registry Search Result

## Serial Property

<b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 3GCUKREC3GG267397 <b>Override:</b> No	<b>Make/Desc.:</b> CHEVROLET <b>Model:</b> SILVERADO <b>Color:</b>
<b>Item #:</b> 8 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 3C7WRTCL3FG556706 <b>Override:</b> No	<b>Year:</b> 2015 <b>Make/Desc.:</b> DODGE <b>Model:</b> RAM 3500 <b>Color:</b>
<b>Item #:</b> 9 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 3C63RRHL4GG263451 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> DODGE <b>Model:</b> RAM 3500 <b>Color:</b>
<b>Item #:</b> 10 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 3C63RRHL3GG276935 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> DODGE <b>Model:</b> RAM 3500 <b>Color:</b>
<b>Item #:</b> 11 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FT8W3DT4JEC31916 <b>Override:</b> No	<b>Year:</b> 2018 <b>Make/Desc.:</b> FORD <b>Model:</b> F350 <b>Color:</b>
<b>Item #:</b> 12 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FD8W3HT8HED47264 <b>Override:</b> No	<b>Year:</b> 2017 <b>Make/Desc.:</b> FORD <b>Model:</b> F350 <b>Color:</b>
<b>Item #:</b> 13 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FTFW1EF7EKF64882 <b>Override:</b> No	<b>Year:</b> 2014 <b>Make/Desc.:</b> FORD <b>Model:</b> F150 <b>Color:</b>
<b>Item #:</b> 14 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FTFW1EF2EKF83145 <b>Override:</b> No	<b>Year:</b> 2014 <b>Make/Desc.:</b> FORD <b>Model:</b> F150 <b>Color:</b>
<b>Item #:</b> 15 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FTFW1EF2EKF98924 <b>Override:</b> No	<b>Year:</b> 2014 <b>Make/Desc.:</b> FORD <b>Model:</b> F150 <b>Color:</b>
<b>Item #:</b> 16 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FD8W3HT7GEB36460 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> FORD <b>Model:</b> F350 <b>Color:</b>
<b>Item #:</b> 17 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FM5K8DHXGGA48889 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> FORD <b>Model:</b> EXPLORER <b>Color:</b>
<b>Item #:</b> 18 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FTFX1EF5GFB79832 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> FORD <b>Model:</b> F150 <b>Color:</b>
<b>Item #:</b> 19 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FTFW1EF5GFB72883 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> FORD <b>Model:</b> F150 <b>Color:</b>
<b>Item #:</b> 20 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FT8W3DT8FEA84717 <b>Override:</b> No	<b>Year:</b> 2015 <b>Make/Desc.:</b> FORD <b>Model:</b> F350 <b>Color:</b>
<b>Item #:</b> 21 <b>Serial Type:</b> Motor Vehicle <b>Serial #:</b> 1FTEW1EP9GKE36103 <b>Override:</b> No	<b>Year:</b> 2016 <b>Make/Desc.:</b> FORD <b>Model:</b> F150 <b>Color:</b>



**Saskatchewan  
Personal Property Registry  
Search Result**

**Serial Property**

<b>Item #:</b> 22	<b>Year:</b> 2016
<b>Serial Type:</b> Motor Vehicle	<b>Make/Desc.:</b> FORD
<b>Serial #:</b> 1FTFW1EF9GKF36696	<b>Model:</b> F150
<b>Override:</b> No	<b>Color:</b>
<b>Item #:</b> 23	<b>Year:</b> 2016
<b>Serial Type:</b> Motor Vehicle	<b>Make/Desc.:</b> FORD
<b>Serial #:</b> 1FTFW1EF7GKF36695	<b>Model:</b> F150
<b>Override:</b> No	<b>Color:</b>
<b>Item #:</b> 24	<b>Year:</b> 2015
<b>Serial Type:</b> Motor Vehicle	<b>Make/Desc.:</b> FORD
<b>Serial #:</b> 1FT7X2B68FEB47394	<b>Model:</b> F250
<b>Override:</b> No	<b>Color:</b>
<b>Item #:</b> 25	<b>Year:</b> 2016
<b>Serial Type:</b> Motor Vehicle	<b>Make/Desc.:</b> FORD
<b>Serial #:</b> 1FT8W3DTXGEC93734	<b>Model:</b> F350
<b>Override:</b> No	<b>Color:</b>
<b>Item #:</b> 26	<b>Year:</b> 2016
<b>Serial Type:</b> Motor Vehicle	<b>Make/Desc.:</b> FORD
<b>Serial #:</b> 2FMPK4J96GGB16529	<b>Model:</b> EDGE
<b>Override:</b> No	<b>Color:</b>
<b>Item #:</b> 27	<b>Year:</b> 2015
<b>Serial Type:</b> Motor Vehicle	<b>Make/Desc.:</b> GMC
<b>Serial #:</b> 1GC1KVEG5FF531668	<b>Model:</b> SIERRA
<b>Override:</b> No	<b>Color:</b>

**General Property**

2016 SPACECAP WILD 229977  
2017 SPACECAP WILD 230592  
2016 AXIOM KNAPHEIDE 20180905 0593451  
2016 AXIOM KNAPHEIDE 20180831 0593129  
2016 AXIOM KNAPHEIDE 20180902 0593675  
2019 CATERPILLAR ELECTRIC FORK LIFT 2EP5000  
2016 SPACECAP WILD 301288  
2016 SPACECAP WILD 229525  
2017 SPACECAP WILD 230592  
2017 SPACECAP WILD 230588  
2016 SPACECAP WILD 229666  
2016 SPACECAP WILD 229656  
2016 SPACECAP DECK NO SERIAL NUMBER  
MILLCOSTEEL TRAILER 2T9FV18217FB004004  
MILLCOSTEEL TRAILER 2T9FV18237FB004005  
MILLCOSTEEL TRAILER 2T9FV18277FB004007  
MILLCOSTEEL TRAILER 2T9FV18279FB004003  
MILLCOSTEEL TRAILER 2T9FV18257FB004006



**Saskatchewan  
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**End of Search Result**

# **APPENDIX C**



**IN THE MATTER OF THE RECEIVERSHIP OF EMW INDUSTRIAL LTD., EMW INDUSTRIAL INC., E&S MORRISON FAMILY HOLDINGS LTD., PEPPER  
MAINTENANCE (CANADA) 2005 LTD., EMW HOLDINGS LTD., AND EMW REAL ESTATE CO. LTD.  
COMBINED INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS  
FOR THE PERIOD APRIL 11, 2019 TO JULY 22, 2019**

	EMW Industrial Ltd.	EMW Industrial Inc.	E&S Morrison Family Holdings Ltd.	Pepper Maintenance (Canada) 2005 Ltd.	EMW Holdings Ltd.	EMW Real Estate Co. Ltd.	Total
<b>Receipts</b>							
Accounts receivable collections	1,518,872.77	8,542.18					1,527,414.95
Proceeds of sale of assets	630,000.00						630,000.00
Grain sales			125,354.09				125,354.09
Cash on hand	13,945.71	56,759.06					70,704.77
Miscellaneous receipts	67,638.77					110.00	67,748.77
GST collected	33,814.83						33,814.83
Interest	3,156.93	19.64	70.83			0.21	3,247.61
PST collected	2,473.98						2,473.98
Transfer of funds from related Estates	(350.00)	70.00	70.00	70.00	70.00	70.00	-
<b>Total receipts</b>	<u>2,269,552.99</u>	<u>65,390.88</u>	<u>125,494.92</u>	<u>70.00</u>	<u>70.00</u>	<u>180.21</u>	<u>2,460,759.00</u>
<b>Disbursements</b>							
Receiver's fees	286,850.38						286,850.38
Payroll and source deductions	123,857.35						123,857.35
Insurance	103,740.07						103,740.07
Legal fees	78,889.94						78,889.94
Asset security	35,100.00						35,100.00
GST paid	23,544.86						23,544.86
Utilities	23,467.13						23,467.13
Equipment leases	18,412.31						18,412.31
Operating expenses	15,549.67						15,549.67
PST paid	12,719.13						12,719.13
Appraisal fee	10,000.00						10,000.00
Occupancy rent	4,278.15						4,278.15
Storage fees	301.65	680.00					981.65
Official Receiver filing fees	70.00	70.00	70.00	70.00	70.00	70.00	420.00
<b>Total disbursements</b>	<u>736,780.64</u>	<u>750.00</u>	<u>70.00</u>	<u>70.00</u>	<u>70.00</u>	<u>70.00</u>	<u>737,810.64</u>
<b>Funds on hand at July 22, 2019</b>	<u>1,532,772.35</u>	<u>64,640.88</u>	<u>125,424.92</u>	<u>-</u>	<u>-</u>	<u>110.21</u>	<u>1,722,948.36</u>