

COURT FILE NUMBER 1903 21122
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF ROYAL BANK OF CANADA
DEFENDANTS MACHINE WORKS INDUSTRIAL INC.,
PAUL BURNS, JODY COOMBS, AND
ALLAN MCNUTT
DOCUMENT APPLICATION BY RECEIVER



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT DUNCAN CRAIG LLP
Lawyers Mediators
2800 Scotia Place
10060 Jasper Avenue
Edmonton, Alberta T5J 3V9
Lawyer: Darren R. Bieganeck, QC
Telephone: 780.441.4386
Fax: 780.428.9683
Email: dbieganeck@dcllp.com
File Number: 204- 203220

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the master/judge.

To do so, you must be in Court when the application is heard as shown below:

Date March 9, 2020
Time 3:00 p.m.
Where Law Courts Building, Edmonton, Alberta
Before Whom The Honourable Mr. Justice Graesser sitting on the Commercial List

Go to the end of this document to see what else you can do and when you must do it.

Remedy claimed or sought:

1. An Order substantially in the form attached as Schedule "A";
2. Such further and other relief as counsel may advise and this Honourable Court permit.

Grounds for making this application:

3. The Receiver has completed the sale authorized by this Honourable Court in the Approval and Vesting Order granted by the Honourable Mr. Justice Gill on October 29, 2019 (the "October 29th Order");
4. The transaction as authorized by the October 29th Order has been completed and the Receiver's Certificate delivered to the Purchaser in accordance with the October 29th Order;

5. The security interests of each of Royal Bank of Canada ("RBC"), Jim Peplinski Leasing Inc. ("Peplinski") and CWB National Leasing ("National") have been vetted by legal counsel for the Receiver and opinions have been provided which confirm that in respect of each of those secured creditors, their security interest is valid and enforceable as against the Receiver;
6. In respect of the priority to the proceeds of sale from certain leased computer equipment as between RBC and National, legal counsel for the Receiver has opined that RBC enjoys priority as a result of the failure of CWB to perfect its purchase money security interest within the time period stipulated under the *Personal Property Security Act* (Alberta);
7. The fees and disbursements of the Receiver and those of its counsel are fair and reasonable in the circumstances;
8. The Receiver will be maintaining a holdback of funds in the amount of \$243,741.00 sufficient to cover priority claims and fees to finalize the Receivership.
9. Such further and other grounds as counsel may advise and the Court permit.

Material or evidence to be relied on:

10. Second Report of the Receiver dated March 2, 2020;
11. The pleadings and proceedings taken in this matter.
12. Such further and other material as legal counsel for the Receiver may advise and this Honourable Court may permit.

Applicable rules:

13. Rules 1.3, 1.5, 6.11, 6.28, 6.47(c), 11.27 and 13.5 of the *Alberta Rules of Court*.
14. Such further and other authority as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

15. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and in particular section 246 and 249 thereof;
16. *Personal Property Security Act*, R.S.A. 2000, c. P-7, as amended, and in particular sections 20, 34, 35, 64 and 65 thereof;
17. Such further Acts and Statutes as counsel may advise.

Any irregularity complained of or objection relied on:

18. n/a

How the application is proposed to be heard or considered:

19. In person, on the Commercial List before the Honourable Mr. Justice Graesser.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

Clerk's Stamp

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JUDICIAL CENTRE EDMONTON

PLAINTIFF ROYAL BANK OF CANADA

DEFENDANTS MACHINE WORKS INDUSTRIAL INC., PAUL BURNS, JODY COOMBS
and ALLAN MCNUTT

DOCUMENT INTERIM ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Darren R. Bieganeck, QC Barrister & Solicitor Phone: (780) 441-4386 Fax: (780) 428-9683 Email: dbieganeck@dcllp.com	File #204-203220 DUNCAN CRAIG LLP LAWYERS MEDIATORS 2800 Scotia Place, 10060 Jasper Avenue Edmonton, Alberta, Canada, T5J 3V9
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DATE ON WHICH ORDER WAS PRONOUNCED: Monday, March, 9, 2020

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Mr. Justice Graesser

UPON THE APPLICATION by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of Machine Works Industrial Inc. (the "Debtor") for an interim order approving the Receiver's activities since the granting of the Order Approving Sale and Vesting Order dated October 29, 2019 (the "October 29th Order"), approval of the Receiver's fees and disbursements, and those of its legal counsel, for certain declarations respecting priority as between the Plaintiff, Royal Bank of Canada ("RBC") and CWB National Leasing ("National") and for an order authorizing an interim distribution of proceeds to each of RBC and Jim Peplinski Leasing Inc. ("Peplinski"); AND UPON hearing read the Receiver's Second Report dated March 2, 2020 (the "Receiver's Second Report"); AND UPON hearing counsel for the Receiver, counsel for RBC (appearing by telephone) and counsel for various creditors; AND UPON being satisfied that the Receiver is maintaining sufficient holdbacks to address outstanding priority claims and for fees and expenses to continue with its administration of the Estate; IT IS HEREBY ORDERED THAT:

1. Service of notice of this Application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.
2. The Receiver's accounts for fees and disbursements as set out in the Receiver's Second Report are hereby approved without the necessity of a formal passing of its accounts.
3. The accounts of the Receiver's legal counsel, Duncan Craig LLP, for its fees and disbursements, as set out in the Receiver's Second Report are hereby approved without the necessity of formal assessment of the accounts.
4. The Receiver's activities as set out in the Receiver's Second Report and the Statement of Receipts and Disbursements as attached to the Receiver's Second Report are hereby ratified and approved.
5. It is hereby declared that the security interest of RBC has priority to the security interest claimed by National in certain leased computer equipment as more particularly set forth in paragraphs 17, 23, and 24 of the Receiver's Second Report.
6. The Receiver is hereby authorized and directed to make the following interim distributions from the funds presently held in its trust account:
 - (a) To Peplinski: \$225,319.15; and
 - (b) To RBC: \$1,700,000.00.
7. This Order shall be served upon those interested parties served with notice of this application and those parties attending or represented at the within application. Service may be affected by facsimile, electronic mail, personal delivery or courier and is deemed to be effected the next business day following the transmission or delivery of such documents.

Justice of the Court of Queen's Bench of Alberta