

**SUPREME COURT OF NEWFOUNDLAND AND LABRADOR  
IN BANKRUPTCY AND INSOLVENCY**

**BETWEEN:**

**CANADIAN IMPERIAL BANK OF COMMERCE**

Applicant

- and -

**PTL HOLDINGS LIMITED and  
PTL SERVICES (EQUIPMENT) LIMITED and  
CSL SERVICES (INDUSTRIAL) LIMITED AND  
9263357 CANADA INC.**

Respondents

**IN THE MATTER OF AN APPLICATION PURSUANT TO SUBSECTION 243(1) OF THE  
*BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985 c. B-3, AS AMENDED;**

**SECOND REPORT TO THE COURT**

**SUBMITTED BY BDO CANADA LIMITED  
IN ITS CAPACITY AS RECEIVER OF  
PTL HOLDINGS LIMITED, PTL SERVICES (EQUIPMENT) LIMITED,  
CSL SERVICES (INDUSTRIAL) LIMITED AND 9263357 CANADA INC.**

**OCTOBER 18, 2018**

# Table of Contents

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	<u>Page</u>
1.0 INTRODUCTION AND PURPOSE OF REPORT.....	2
1.0 Introduction.....	2
1.1 Appointment of Receiver .....	2
1.2 Purpose of this Report.....	4
1.3 Scope and Terms of Reference .....	4
2.0 RECEIVER'S ACTIVITIES .....	6
2.0 Sale Transaction Closing .....	6
2.1 Property Taxes.....	6
2.2 Employees.....	6
2.3 Unions.....	7
2.4 Receiver's Certificates .....	7
2.5 Ongoing Operations.....	8
2.6 Accounts Receivable and Billings.....	8
2.7 Financed Equipment .....	9
2.8 Government Accounts - Canada Revenue Agency Source Deductions .....	10
2.9 Government Accounts - Canada Revenue Agency HST .....	10
2.10 Government of Newfoundland and Labrador HAPSET.....	11
2.11 Liens.....	12
2.12 Litigation.....	14
3.0 UNION OBLIGATIONS AND SALARY EMPLOYEE CLAIMS.....	15
3.1 Union Obligations .....	15
3.2 Union Pension Charge .....	17
3.3 Union Dues Charge .....	17
3.4 Salary Employee Claims .....	19
4.0 RECEIVER'S AND ITS COUNSEL'S ACCOUNTS .....	20
4.0 Receiver's and Counsel's Accounts .....	20
5.0 BANKRUPTCY OF THE PTL GROUP .....	21
6.0 STATEMENT OF RECEIPTS & DISBURSEMENTS.....	22
7.0 ESTIMATED ESTATE REALIZATION .....	23
8.0 SECURED CREDITORS AND PROPOSED DISTRIBUTIONS.....	24
8.0 Secured Creditors.....	24
8.1 Union Obligations .....	25
8.2 Salary Employee Claims .....	25
8.3 Government Accounts - Canada Revenue Agency Source Deductions .....	25
8.4 Government Accounts - Canada Revenue Agency HST .....	25

8.5	Government Accounts - HAPSET .....	26
8.6	Proposed Distributions.....	26
8.7	Banking and CIBC.....	26
9.0	RECEIVER'S ACTIVITIES AND NEXT STEPS.....	28
9.0	Receiver's Activities Since the Receiver's First Report.....	28
10.0	RECOMMENDATIONS.....	29
10.0	Recommendations:.....	29

# *Listing of Appendices*

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- Appendix A - Independent review of CIBC's Security
- Appendix B - Appointment Order
- Appendix C - Sale Approval and Vesting Order
- Appendix D - Final Amended Locke's APA
- Appendix E - Blacklined Version of Final Amended Locke's APA
- Appendix F - Independent review of HAPSET Charge
- Appendix G - BDO Fee Affidavit
- Appendix H - Legal Fee Summary
- Appendix I - OSB Certificates of Appointment
- Appendix J - Interim Statement of Receipts and Disbursements to September 28, 2018
- Appendix K - Receiver's Estimated Realization as of September 28, 2018
- Appendix L - Schedule of Proposed Interim Distribution
- Appendix M - CIBC's Payout Statement dated September 25, 2018

## **1.0 INTRODUCTION AND PURPOSE OF REPORT**

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### **1.0 Introduction**

- 1.0.1** Details regarding these receivership proceedings and the background of PTL Holdings Limited, PTL Services (Equipment) Limited, CSL Services (Industrial) Limited, and 9263357 Canada Inc. (the “PTL Group” are set out in the First Report to the Court of the Receiver dated July 26, 2018 (the “First Report”). A copy of the First Report, nor the filings related to the appointment of the Receiver have been attached. Readers are strongly encouraged to review the application filings and the First Report prior to reviewing this Second Report. Capitalized terms used but not otherwise defined herein shall have meanings ascribed to them in the First Report.
- 1.0.2** PTL Holdings Limited (“Holdings”) is a Newfoundland & Labrador (“NL”) company which owns all of the issued and outstanding shares of PTL Services (Equipment) Limited (“PTL”), CSL Services (Industrial) Limited (“CSL”) and 9263357 Canada Inc. (“926”). Holdings was incorporated in 2014 and has five (5) primary shareholders who own the Company through various corporations and family trusts.
- 1.0.3** Holdings, PTL, CSL and 926 (collectively referred to herein as the “PTL Group” or the “Company”), operate as an integrated entity with shared management, directors, accounting, finance and human resources staff. Holdings’ head office is located in St. John’s, NL in combined offices with Talon Energy Services (“Talon”), an affiliated company. The Company has offices, and operates, at 21-23 Marine Drive, Southern Harbour, NL.
- 1.0.4** PTL provides a wide range of services for the construction industry, oil and gas industry and the public sector, primarily operating from property at 21-23 Marine Drive, Southern Harbour, NL, which is owned by 926 (the “Premises”). The Premises has an approximate 14,000 square foot repair facility (i.e. auto garage for repairs of its own fleet and for the public) and consists of approximately 10.8 acres of area. PTL owns a fleet of over 225 pieces of equipment; an adjacent vacant property at 20 Marine Drive, Southern Harbour, which is used for storage and a property in Come By Chance. PTL is unionized with over 70 employees which are drawn from various local union halls.
- 1.0.5** CSL provides contracted labour services on a short-term, project-by-project basis and has numerous union agreements with various trades.
- 1.0.6** 926 is a real estate holding company for the Premises at 21-23 Marine Drive, Southern Harbour.

### **1.1 Appointment of Receiver**

- 1.1.1** CIBC provided the PTL Group with a Demand Loan of \$6.5 million and an Operating Facility of \$2.0 million (collectively the “CIBC Loans”). As security for the CIBC Loans, CIBC obtained, among other things, a GSA, a demand debenture, various guarantees and an inter-creditor agreement between the CIBC, the Parsons Vendors, the CSL Vendors and the PTL Group (the “CIBC Security”).
- 1.1.2** The Receiver has retained independent counsel, Patterson Law LLP (“Patterson”), who reviewed the CIBC Security and provided its opinion that, subject to the normal assumptions and qualifications, the CIBC Security is valid and enforceable in accordance with its terms, with one issue noted:
- a) No security documentation granting security over quarry permits and subordinated quarry permits.

- 1.1.3 Patterson has advised that the Quarry Materials Act, SNL 1998 C. Q-1.1 is not assignable or renewable. This is consistent with the Receiver's understanding and has no material effect on the Receiver's realization activities.
- 1.1.4 A copy of the independent security review is attached as **Appendix A**.
- 1.1.5 In December 2017, Holdings and PTL were in default of their obligations set out in the CIBC Security. CIBC agreed to forbear from enforcing and entered into a forbearance agreement, with various extensions up to May 1, 2018 (the "**Forbearance Agreement**").
- 1.1.6 As outlined in its First Report, pursuant to the terms of the Forbearance Agreement, the Company was to comply with, among other things, the Strategic Alternatives Process.
- 1.1.7 The PTL Group continued with the Strategic Alternatives Process into early May 2018. One potential going concern purchaser withdrew their offer on or around April 18, 2018. Ultimately the Company was unable to complete a sale, find alternative financing, or find an equity injection.
- 1.1.8 Based on the information gathered from the Company, in consultation with BDO, namely the defaults under the CIBC Security and the Forebearance Agreement, the financial and cash flow position of the Company and the lack of readily available sources of investment or interest in acquiring the Company, CIBC believed an immediate stay of proceedings was necessary in the circumstances and took steps to enforce under the CIBC Security. Additional details are included in CIBC's Application for a Court Appointed Receiver which is included in the First Report.
- 1.1.9 CIBC issued a formal demand for repayment of the CIBC Loans on or about April 20, 2018 and delivered a notice of intention to enforce Security pursuant to section 244 of the Bankruptcy and Insolvency Act ("**BIA**").
- 1.1.10 Subsequently, CIBC brought an application for an order appointing a receiver over the assets, properties and undertakings of the PTL Group and BDO was appointed receiver (in such capacity, the "**Receiver**"), pursuant to an order (the "**Appointment Order**") of the Supreme Court of Newfoundland and Labrador in Bankruptcy and Insolvency (the "**Court**"), dated May 11, 2018 (the "**Appointment Date**"). A copy of the Appointment Order is attached hereto as **Appendix B**.
- 1.1.11 The Appointment Order empowered and authorized, but did not obligate the Receiver to, among other things, do the following:
- take possession and control of the Property (as defined in the Appointment Order) and any and all proceeds and receipts arising therefrom;
  - manage, operate and carry on the business or to cease operations;
  - market any or all of the Property on such terms and conditions of sale as the Receiver deems appropriate;
  - sell, convey, transfer, lease or assign the Property; and
  - report to, meet and discuss with affected Persons (as defined in the Appointment Order), as the Receiver deems appropriate, all matters relating to the Property and the receivership proceedings.
- 1.1.12 As outlined in the First Report, the Receiver carried out the Sale Process and sought and obtained approval from the Court to complete a sale transaction (the "**Sale Transaction**") with Locke's Electrical Limited ("**Locke's**") for certain of the assets of the PTL Group. The Court issued an order dated August 23, 2018 approving the Sale Transaction with Locke's (the "**Sale Approval and Vesting Order**"), a copy of

which is attached hereto as **Appendix C**. The Sale Transaction with Locke's was completed on September 10, 2018.

## **1.2 Purpose of this Report**

**1.2.1** This constitutes the Receiver's Second report to the Court (the "**Second Report**") in this matter and it is filed to:

- report on the Receiver's activities in these receivership proceedings since the First Report; and
- request an Order, *inter alia*:
  - approving the Second Report and the activities of the Receiver set out herein;
  - approving the Union Pension Distribution as defined herein;
  - approving the Union Dues Distribution as defined herein;
  - approving a Salary Employee Distribution as defined herein;
  - approving an interim distribution to CIBC as outlined herein;
  - approving the Receiver's interim statement of receipts and disbursements for the period May 11, 2018 to September 28, 2018 (the "**Interim R&D**");
  - approving the fees and disbursements of the Receiver and its legal counsels, Cox & Palmer LLP ("**C&P**") and Patterson Law LLP ("**Patterson**"), as outlined herein; and,
  - such other relief as the Court deems appropriate.

## **1.3 Scope and Terms of Reference**

**1.3.1** The Second Report has been prepared for the use of this Court and PTL Group's stakeholders as general information relating to the PTL Group and to assist the Court in making a determination of whether to approve the relief sought herein. Accordingly, the reader is cautioned that the Second Report may not be appropriate for any other purpose. The Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of the Second Report different than the provisions of this paragraph.

**1.3.2** In preparing this Second Report, the Receiver has relied upon the PTL Group's records and available unaudited financial information. While the Receiver has reviewed certain of PTL Group's records, such work does not constitute an audit or verification of such information for accuracy, completeness, or compliance with Generally Accepted Accounting Principles or International Financial Reporting

Standards. Accordingly, the Receiver expresses no opinion or other form of assurances with respect to such information except as expressly stated herein.

- 1.3.3 Capitalized terms used but not defined in this Second Report shall have the meaning ascribed to them in the First Report or Appointment Order.
- 1.3.4 This Second Report, and all court materials and orders issued and filed in these receivership proceedings are available on the Receiver's website at: <http://www.extranets.bdo.ca/PTLGroup> and will remain available on the website for a period of six (6) months following the Receiver's discharge.



## 2.0 Sale Transaction Closing

- 2.0.1 Subsequent to the Sale Approval and Vesting Order, the Receiver and Locke's proceeded to complete the Sale Transaction on September 10, 2018, with certain modifications, as requested by Locke's.
- 2.0.2 Prior to the Receiver's application for the Sale Approval and Vesting Order, Locke's advised the Receiver that it was seeking certain amendments to the Locke's APA (the "Amended Locke's APA") which included the exclusion of the assignment of PTL Group contracts (customers and/or otherwise), as Locke's was seeking to clarify that it is solely acquiring certain assets of the PTL group and no contracts or employees. A copy of the requested changes was submitted to this Court at the approval hearing.
- 2.0.3 The Receiver and Locke's continued negotiations on the final terms of the APA and came to a final agreement. The changes were determined to be minor when compared to the overall transaction - essentially making it clear that Locke's was purchasing assets, and excluding any reference to the assignment of contracts and assumption of leases. The changes were aligned with the Receiver's understanding of the transaction, the reporting to the court and creditors, and did not impact the purchase price, and had no impact to the estate's realization. Therefore, the Receiver accepted the changes and proceeded to close.
- 2.0.4 A copy of the Final Amended Locke's APA, is attached as **Appendix D** and a black lined version of the changes is attached as **Appendix E**. The assets acquired by Locke's included machinery and equipment, inventory, real property, and intellectual property.

## 2.1 Property Taxes

- 2.1.1 As at the time of Closing, the outstanding property taxes totaling \$22,967.98 were paid from the sale proceeds as follows:

Property Tax Paid Summary	
	PTL
20 Marine Drive	\$ 476.96
	<u>926</u>
All remaining real property	\$ 22,491.02

## 2.2 Employees

- 2.2.1 As at the Appointment Date, PTL and CSL employed approximately 70 individuals and 10 individuals, respectively. All salary, hourly, and unionized employees were paid for their outstanding wages relating to payroll for wages earned for the period ending May 10, 2018. Union related obligations were not fully paid as at the Appointment Date and are discussed further below.
- 2.2.2 The Receiver completed, or transferred, certain contracts of the PTL Group where it was determined, at the time, to be a net benefit to the realization in the estate.

Those contracts were not part of the asset sale to Locke's. In order to complete these contracts, the Receiver retained the services of certain salary, hourly, and unionized workers on the same terms and conditions as established by the PTL Group.

2.2.3 Those unionized employees whose services are no longer required, are laid off in accordance with their respective union contract as the contracts are completed/transitioned.

2.2.4 The Receiver, on behalf of the PTL Group, is terminating the salary/hourly employees as their services are no longer required. As a result of their termination, certain employees may become eligible for termination pay in respect of their services to PTL Group. Termination claims are unsecured and the Receiver will file on their behalf the necessary documentation to Service Canada, and will correspond with those eligible employees to enable them to file claims for termination pay in lieu of notice pursuant to the *Wage Earner Protection Program Act* ("WEPPA"). Any amounts paid for termination pay in lieu of notice represent an unsecured claim.

## 2.3 Unions

2.3.1 Prior to and after the Appointment Date, the Company operated pursuant to arrangements with the following labour or trade unions (collectively the "Unions"):

- Boilermakers Local 203 (the "Boilermakers");
- International Union of Operating Engineers Local 904 (the "OE's");
- Labour's International Local 1208 (the "Labourer's");
- Teamsters Local 855 (the "Teamsters");
- Carpenters Local 579 (the "Carpenters");
- International Brotherhood of Electrical Workers Local 1620 ("IBEW");
- Iron Workers Local 764 (the "Iron Workers"); and
- United Steelworkers Union Local 9097 (the "Steelworkers").

2.3.2 The Receiver notified the Unions of its appointment and advised of the Receiver's intention to continue the operations for a limited period through the Sale Process.

2.3.3 Based on the PTL Group records, the Receiver prepared an analysis of the outstanding employee union deductions and employer contributions as at the Appointment Date (collectively the "Union Obligations"). The Receiver's efforts to calculate, and confirm, the Union Obligations portion that has a prior ranking claim is outlined in Section 3.0 herein.

## 2.4 Receiver's Certificates

Pursuant to the Appointment Order, the Receiver was authorized to borrow funds to pay for the costs of the receivership administration. During these receivership

proceedings and prior to the Closing Date, the Receiver borrowed the sum of \$300,000 from CIBC pursuant to a Receiver's Certificate (the "Receiver's Borrowings"). The Receiver has since repaid the Receiver's Borrowings, plus any interest and bank charges, such that no further amounts are owing to CIBC in respect of the Receiver's Borrowings.

## **2.5 Ongoing Operations**

- 2.5.1** As outlined in the First Report, subsequent to its appointment, the Receiver contacted the Company's key customers to notify them of the Receiver's appointment and the Receiver's intention to continue to operate the business, to the Receiver's best ability, pursuant to the contracts/agreements in place without disruption, while undertaking a Sale Process. The key customers, and the majority of all existing customers agreed to continue to support the Company. That support has continued and the PTL Group has been delivering against these contracts in the normal course. However given the insolvency proceeding, and the uncertainty created, the Receiver has not been bidding on, or entering into, any new significant contracts.
- 2.5.2** With the exception of not bidding new long term contracts, the Receiver had been operating in the normal course through the Sale Process.
- 2.5.3** Leading up to the closing of the Sale Transaction, with the support of the customers, the Receiver commenced transitioning certain contracts and preparing final billings. As of the Closing Date, there remained a limited number of contracts that are being completed by the Receiver, most of which were completed by October 5, 2018, with the final contract with Allerion being completed on or around October 22, 2018.
- 2.5.4** The majority of suppliers agreed to continue to supply to the Company through the Sale Process and, for post filing obligations, have been paid in the normal course.
- 2.5.5** The Receiver, with the assistance of the Company's insurance broker, has maintained insurance coverage over the assets of the PTL Group. This includes liability and other coverages determined to be appropriate and reasonable (both in type and quantum) in the circumstances. The insurance coverage has been adjusted as estate needs have changed.
- 2.5.6** The Receiver has been calculating, reporting and remitting statutory filings in the normal course, which include, but are not limited to filings required by the Canada Revenue Agency (source deductions and HST), and Heath and Post Secondary Education Tax for the PTL Group.
- 2.5.7** The Receiver has been calculating, reporting and remitting to the various unions in the normal course for the PTL Group.

## **2.6 Accounts Receivable and Billings**

- 2.6.1** The book value of PTL's and CSL's accounts receivable ("AR") as at the Appointment Date totaled approximately \$1,659,000 and \$188,000,

respectively. The largest balances owing were due from the Company's largest customer, NARL, in the amounts of \$868,000 and \$188,000 respectively. To date, the Receiver has collected approximately \$1,450,000 of the opening PTL AR and the full balance of the opening CSL AR. A summary is outlined below:

<u>Summary of AR as at May 11, 2018</u>	<u>PTL</u>	<u>CSL</u>
Opening AR Rollforward	\$ 1,853,752	\$ 127,641
Less: Collections	(1,447,203)	(127,641)
Credit - NARL re: DCH Settlement	(105,204)	-
AP Set-off / Credits	(19,338)	-
Net Balance	<u>\$ 27,007</u>	<u>\$ -</u>

- 2.6.2 Approximately \$107,000 of AR as at the appointment date remains unpaid. The Receiver has issued demand letters to these customers which the Receiver notes have either been unresponsive or uncooperative. The Receiver will be taking further collection actions.
- 2.6.3 In addition there is \$19,338 in AR from customers who are also creditors and have offset the balance owing against balances due from the PTL Group, and other credits.
- 2.6.4 During the receivership period through to September 28, 2018, billings generated from ongoing operations totaled approximately \$4,200,000 exclusive of HST, with approximately \$3,600,000 collected as at September 28, 2018.
- 2.6.5 The Receiver notes that arrangements had been made by the PTL Group for weekly collections from NARL, however, as discussed further below, liens were filed by two creditors against the NARL operating site and accordingly, NARL had briefly suspended payments. Payments have generally resumed in the normal course. In addition payment terms with Talon Energy Services were amended to have invoices due on receipt.
- 2.6.6 The Receiver is continuing to pursue the collection of the opening AR and ongoing sales.
- 2.6.7 Accounts Receivable as of September 28, 2018 is \$762,000 in PTL and \$1,443 in CSL.

## 2.7 Financed Equipment

- 2.7.1 As at the Appointment Date, the Company had capital lease arrangements for 7 pieces of equipment (the "Financed Equipment") which were financed via Paccar Financial Ltd./Paccar Financial Services Ltd. ("Paccar"), CNH Industrial Capital Canada ("CNH"), and CWB National Leasing Inc., formerly National Leasing Inc. ("National" and collectively with Paccar and CNH the "Equipment Lessors"). Pursuant to the terms of the Locke's APA, the Purchaser had agreed to assume the leases for the Financed Equipment. However, subsequently and in line with the Final Amended Locke's APA, Locke's advised that it had no interest in respect of the Financed Equipment, and accordingly, the Receiver is arranging to return the equipment to the Equipment Lessors.

2.7.2 The Receiver continues to coordinate with the Equipment Lessors to schedule the return of the equipment.

## 2.8 Government Accounts - Canada Revenue Agency Source Deductions

2.8.1 As at the Appointment Date, the employee source deductions for PTL and CSL relating to the May 5, 2018 payroll that was paid on May 10, 2018, the date prior to the Receiver's appointment, were outstanding. The Receiver paid the deducted employee taxes, Canada Pension Plan ("CPP") and Employment Insurance ("EI") amounts from the May 10, 2018 payroll. Details of that payroll are as follows:

	PTL	CSL	Total
Employee Deductions	\$ 65,107.51	\$ 3,860.83	\$ 68,968.34
Employer Contributions	10,370.31	419.40	10,789.71
	<u>\$ 75,477.82</u>	<u>\$ 4,280.23</u>	<u>\$ 79,758.05</u>

2.8.2 PTL and CSL records show there is approximately \$13,000 and \$32,000, respectively, in outstanding employer CPP and EI contributions which relates to the May 10 payroll, plus outstanding penalties and interest. The Receiver has requested a source deduction trust examination and is awaiting a reply from CRA.

## 2.9 Government Accounts - Canada Revenue Agency HST

- 2.9.1 The Company has filed all outstanding HST returns that were due as at the Appointment Date, and the Receiver has filed, and paid, all the post appointment returns due to the date of this report.
- 2.9.2 As at December 31, 2017, after applying a 2016 corporate tax refund retroactively to outstanding HST and the income tax amounts due, and filing an amended December 2017 HST return claiming additional input tax credits, PTL was in an HST refund position and CRA refunded PTL approximately \$225,000.
- 2.9.3 Based on the PTL records for the period subsequent to December 31, 2017 it appears there is outstanding HST of \$97,500. In addition, CRA has submitted a notification of the reversal of ITC's totaling approximately \$184,000 relating to HST ITC's included in the PTL outstanding accounts payable as at the Appointment Date. CRA, via letter dated September 26, 2018, has advised the Receiver its total claim, including penalties and interest, is \$285,440.26 (\$8,350.85 is interest and penalties).
- 2.9.4 The CSL records show an outstanding HST balance of \$416,000, after applying a 2016 corporate income tax refund. Similar to PTL, CRA has submitted a notification of the reversal of CSL's ITC's totaling approximately \$17,000 relating to HST ITC's included in the CSL outstanding accounts payable as at the Appointment Date. CRA, via letter dated September 26, 2018, has advised the Receiver its total claim, including penalties and interest, is \$436,493.73 (\$16,663.77 is interest and penalties).
- 2.9.5 The Holdings records do not show any HST amount outstanding. No information on Holdings has been received from CRA.

2.9.6 926 records show an outstanding HST balance of \$7,000. No information on 926 has been received from CRA. CRA, via letter dated September 26, 2018, has advised the Receiver its total claim, including penalties and interest, is \$14,884.61 (\$1,270.39 is interest and penalties).

2.9.7 The Receiver has verified that the PTL 2017 corporate return claiming a loss, and a loss carry back, was assessed as filed and that the corporate tax refund of \$527,159 generated from this filing was applied against outstanding HST and income tax amounts outstanding.

The Receiver has not been able to verify if the CSL corporate tax refund was assessed as filed and how that refund was applied as the books and records of CSL do not contain that information. A preliminary analysis indicates that the provincial tax portion of the CSL refund, in the estimated amount of \$44,620, has not been offset against outstanding CRA balances.

2.9.8 As at May 11, 2018, the Receiver estimates the HST liability to CRA (including known interest and penalties) is approximately as follows:

	PTL	CSL	Holdings	926
Receivership ITC Reassessment	\$183,553	\$ 16,588	\$ -	\$ -
Balance to April 30, 2018	63,686	412,168	-	7,003
May 1 - 11, 2018	33,782	4,037	-	-
Estimated balance as at May 11, 2018	<u>\$281,021</u>	<u>\$432,792</u>	<u>\$ -</u>	<u>\$7,003</u>

2.9.9 The Receiver continues to review the claims made by CRA and intends to object to CRA's ITC reassessments issued as they do not contemplate payments made by the receiver, non-taxable outstanding amounts, and distributions authorized by this Honourable Court.

## 2.10 Government of Newfoundland and Labrador HAPSET

2.10.1 In December 2017, January and February 2018, HAPSET had completed audits on the years 2011 to 2017. Based on audit results, as at the Appointment Date, the PTL and CSL outstanding obligations for Health and Post-Secondary Education Tax ("HAPSET") totaled \$61,000 and \$106,000, respectively (excluding interest and penalties).

2.10.2 The Receiver has estimated the CSL HAPSET amount outstanding as follows:

<u>Period</u>	<u>Amount</u>
Jan-18	\$ 3,293.25
Feb-18	5,818.00
Mar-18	5,064.42
Apr-18	4,081.24
May 1 - 10, 2018	514.40
2011 - 2015 Audit	42,740.19
2016 Audit	45,853.24
2017 Audit	42,299.22
March 2018 Payment	(21,765.40)
April 2018 Payment	(21,765.40)
	<u>\$106,133.16</u>

2.10.3 The Receiver has estimated the PTL HAPSET amount outstanding as follows:

<u>Period</u>	<u>Amount</u>
HAPSET 2015 - 2016	\$ 62,128.32
March 2018 Payment	(14,320.73)
April 2018 Payment	(14,320.73)
HAPSET - 2017	24,000.00
May 1 - 10, 2018	3,804.89
	<u>\$ 61,291.75</u>

2.10.4 The Receiver is funding the post Appointment Date HAPSET charges.

2.10.5 The Receiver has obtained an independent security position on the priority of the HAPSET claim. The review determined that, in a bankruptcy, the claim would rank as an unsecured creditor. The opinion is attached as Appendix F. The bankruptcy of the PTL Group is discussed in Section 5.0 - Bankruptcy of the PTL Group.

## 2.11 Liens

### DCH / NARL

2.11.1 As outlined in the First Report, D.C.H Crane Rentals Ltd. ("DCH") filed a lien and subsequently an Amended Lien in the amounts of \$1,030,089 and \$829,367, respectively on the NARL properties. The result of that lien was that NARL, the PTL Group's largest customer, ceased making payments.

- 2.11.2 The continued support of DCH was required in order to continue the completion of certain projects and to maintain the relationship with NARL, the PTL Groups largest customer. To maintain the support of DCH, and NARL, the Receiver had agreed to pay DCH for any invoicing relating to the Turnaround Project and/or other maintenance or capital projects from the time of the Receiver's appointment, subject to collection of the related PTL invoicing from NARL.
- 2.11.3 The Amended Lien includes approximately \$23,000 of interest, approximately \$233,000 for invoices dated prior to the Appointment Date and/or prior to 30 days before the DCH Lien was registered, with the balance being post appointment invoices to the first week of June 2018.
- 2.11.4 The Receiver filed an application to vacate the Lien, which was scheduled to be heard on July 19, 2018. The hearing was put over to July 27, 2018 pending conclusion of a settlement and subsequently was adjourned to August 3 and August 10, 2018. A settlement was reached, wherein (i) NARL funded directly to DCH approximately \$405,000, which amount was set-off from the funds owing to PTL from NARL; (ii) the Receiver agreed to fund amounts totaling \$167,000 upon receipt of the related accounts receivable from NARL. As a result, on or around August 6, 2018 the DCH Lien and Amended Lien were discharged.
- 2.11.5 The settlement of the Amended Lien resulte in NARL restarting payments to PTL and CSL in the normal course.

#### **PTL/CSL Lien on NARL**

- 2.11.6 As outlined in the First Report, as a result of the DCH Lien and related dispute, NARL ceased payments for outstanding PTL and CSL invoicing. In order to protect the interests of the PTL Group estate, the Receiver filed a lien against the NARL property (the "Receiver's Lien") on behalf of PTL on June 29, 2018 (Mechanics Lien 18844) in the amount of \$1,766,613 and on behalf of CSL on June 29, 2018 (Mechanics Lien 18843) in the amount of \$34,890. With the resolution of the DCH Lien matter, and NARL subsequently paying the balance outstanding with the exception of approximately \$3,700, the Receiver is in the process of withdrawing its statement of claim and discharging the lien.

#### **Fortis**

- 2.11.7 Fortis Concrete Inc. ("Fortis") filed a lien against the NARL property on May 25, 2018 in the amount of approximately \$44,576 (the "Fortis Lien") and subsequently filed a statement of claim naming NARL as the defendant. In reviewing the Fortis Lien with legal counsel, the Receiver identified that one invoice totaling \$4,456 was issued within 30 days of filing the Fortis Lien which the Receiver has remitted to counsel for Fortis. The Receiver is of the view that Fortis does not have lien rights for the balance of its claim and therefore, in coordination with NARL legal counsel, has agreed a process to vacate the Fortis Lien and challenge the claim.



## **Newcrete**

**2.11.8** Newcrete Investments GP Ltd. (“Newcrete”) doing business as Capital Precast filed a lien against a property in the Town of Come By Chance on June 1, 2018 in the amount of approximately \$6,049 (the “Newcrete Lien”). The goods were delivered to the PTL site prior to the appointment, and were subsequently used by the Receiver in the project for the Town of Come By Chance. Accordingly, the Receiver funded the balance of the invoice to Newcrete with agreement that the lien would be vacated upon receipt of the funds. Counsel for Newcrete provided the Receiver with the documentation to confirm the lien was vacated on July 27, 2018.

## **PTL Lien on Talon**

**2.11.9** The Receiver continued the PTL Group operations after the Appointment Date, which included work at Nalcor Energy’s Soldier’s Pond project for Talon Energy Services (“Talon”). The Receiver negotiated, and Talon agreed to, revised payment terms requiring the payment of invoices on receipt.

**2.11.10** By the end of August 2018, 50% of the July 2018 invoice from PTL to Talon remained outstanding. In order to protect the interests of the PTL Group, on August 30, 2018, the Receiver filed a lien in the amount of \$87,913.90 (which represented the unpaid 50% of the July 2018 invoice) against the Soldier’s Pond property (the “Receiver’s Talon Lien”).

**2.11.11** Talon subsequently paid the balance and the Receiver is in the process of vacating the lien.

## **2.12 Litigation**

### **Employee Claim**

**2.12.1** The Receiver has received a claim from a former employee who was terminated by the Receiver pursuant to the Appointment Order. The claim, in the amount of \$186,893, is for unpaid wages, bonus, vacation, severance and other benefits.

**2.12.2** The Receiver has communicated, through its independent legal counsel, that the claim would be addressed through the WEPPA process.

**2.12.3** No further action, by either the claimant or the Receiver, has occurred.

**2.12.4** The Receiver is not aware of any other possible legal processes against the estate.

## **3.0 UNION OBLIGATIONS AND SALARY EMPLOYEE CLAIMS**

### **3.1 Union Obligations**

- 3.1.1** Based on information from the Company's Books and Records, the Receiver prepared an analysis of the various PTL and CSL outstanding obligations owing to the Unions as at the Appointment Date for each individual Union member (the "Union Obligations"). The details of which were provided to the respective Unions with a request to review and confirm if they are in agreement with the reported balances. In addition, the Receiver reviewed the various amounts with independent legal counsel.
- 3.1.2** All wages outstanding to unionized employees as of May 11, 2018 have been paid by the Receiver. In addition, any unionized worker has either been laid off by the PTL Group in the normal course of operations, or have voluntarily resigned for other employment. The sole remaining claim related to unionized employees relates to unpaid Union Obligations.
- 3.1.3** The PTL and CSL Union Obligations relate to: (1) amounts deducted from the employees (the "Employee Union Deductions"); and (2) amounts to be contributed by the Company on behalf of each Union member for (i) pension amounts in a prescribed pension plan (the "Pension Contributions"); and (ii) other contributions made by the Company on behalf of union members for among other things, benefits/health and welfare, training funds, stabilization funds, apprenticeship, building fund, RRSP, etc. (the "Employer Contributions"). The Receiver notes that the Employer Contribution categories vary for each Union.
- 3.1.4** The Company's outstanding Union Obligations related primarily to the period February 1, 2018 to May 10, 2018 and total an estimated \$367,068.
- 3.1.5** On appointment the Receiver found that Union Obligations had not been remitted for the period February 1, 2018 through to May 10, 2018. The Receiver has spent significant time working to determine the Union obligations through the following tasks:
- a) On appointment each Union was advised of the appointment and the Receiver's intent to operate and run a going concern sale process;
  - b) Outstanding reporting to the appointment date was identified and the Receiver completed any outstanding reporting;
  - c) Outstanding questions and queries were investigated on an individual by individual and period by period basis, and resolved collaboratively with each Union;

- d) Outstanding questions from Union members were investigated and resolved; and
- e) A detailed summary of the outstanding claims to May 10, 2018 was distributed to each Union with the Receiver's request that the Union confirm it agrees with the calculation. To date 6 of 8 unions have confirmed to the Receiver that the calculations are accurate based on the information available.

3.1.6 The Union Obligations is a summary of 66 individuals in PTL and 84 individuals in CSL.

3.1.7 The chart below illustrates the Union Obligations owing by PTL and CSL to each Union by category:

**PTL Services - Union Obligations**

Union	Employee deductions	Company Contributions	Pension Contributions	Total
IUOE	\$ 15,667.23	\$ 49,957.59	\$ 90,163.79	\$ 155,788.61
IUOE - Shop	2,404.64	4,310.61	20,739.49	27,454.74
IBEW	83.09	556.39	723.55	1,363.03
United Steelworkers	3,989.35	1,544.50	-	5,533.85
Teamsters	8,987.62	22,710.96	25,289.33	56,987.91
<b>Total</b>	<b>\$ 31,131.93</b>	<b>\$ 79,080.05</b>	<b>\$ 136,916.16</b>	<b>\$ 247,128.14</b>

**CSL Services - Union Obligations**

Union	Employee deductions	Company Contributions	Pension Contributions	Total
Boilermakers	\$ 32,462.34	\$ 29,768.61	\$ 20,589.40	\$ 82,820.35
Iron Workers	185.11	335.13	525.00	1,045.24
Labourers	2,321.23	7,616.16	10,319.13	20,256.52
NL Carpenters	190.85	792.55	1,216.03	2,199.43
United Steelworkers	350.26	212.50	-	562.76
IBEW	764.42	12,024.68	266.80	13,055.90
<b>Total</b>	<b>\$ 36,274.21</b>	<b>\$ 50,749.63</b>	<b>\$ 32,916.36</b>	<b>\$ 119,940.20</b>

**Total - PTL and CSL - Union Obligations**

	Employee deductions	Company Contributions	Pension Contributions	Total
<b>Total</b>	<b>\$ 67,406.14</b>	<b>\$ 129,829.68</b>	<b>\$ 169,832.52</b>	<b>\$ 367,068.34</b>

**Note:** To date the Operating Engineers, Teamsters, Steelworkers, Labourers, Boilermakers, and Carpenters have confirmed they agree with the reported balances. The Receiver is continuing its review with IBEW and the Iron Workers.

### 3.2 Union Pension Charge

3.2.1 As is illustrated, the outstanding Pension Contributions total \$169,832.52 which amounts relate to prescribed pension plans. Pursuant to Section 81.6 of the BIA the outstanding Pension Contributions represent a super priority charge and are secured by all assets of the Company (the “Union Pension Charge”). Accordingly, as outlined later herein, the Receiver seeks the Courts approval to pay the full balance of the Union Pension Charge to the respective Unions.

### 3.3 Union Dues Charge

3.3.1 The outstanding Employee Union Deductions and Employer Contributions total \$197,235.82 (the “Union Dues Claim”). Included therein, is approximately \$6,700 in RRSP contributions. Based on advice from Counsel, RRSP plans do not have priority pursuant to S. 81.6 of the BIA. However, the Receiver understands that RRSP contributions would represent ‘wages’ pursuant to Section 81.4 of the BIA, subject to the priority threshold of \$2,000 per employee for all wages owing.

3.3.2 As outlined in *RE Ted LeRoy Trucking Ltd. (2010)* and as subsequently upheld, benefits and other employer contributions such as training, RRSP’s and other funds, constitute ‘wages’ within section 81.4 of the BIA.

3.3.3 Accordingly, subject to the priority threshold of \$2,000 for each individual Union member, with the Court’s approval and in this case, any applicable amounts will be paid/remitted to the Union, in accordance with the Receiver’s obligation to report amounts owing to employees pursuant to WEPPA.

3.3.4 Subsequent to the Appointment Date, the Receiver processed payroll for all outstanding direct hourly wages owing as at the Appointment Date, and accordingly, any unpaid balances would relate solely to Employee and Union Deduction Contributions for Union Dues.

3.3.5 The Receiver has prepared an analysis of each Union member comparing the pre-receivership wages paid to their total outstanding wages (including Employee Union Deductions and Company Contributions) in order to determine what amount, if any, would be eligible for a claim within section 81.4 of the BIA. The chart below illustrates the aggregate amount of the unpaid Union Deductions and Company Contributions compared to the aggregate amount for each Union that is below the Section 81.4 threshold (the “Union Dues 81.4 Charge”):

## PTL Services

### Summary of UNION DUES Section 81.4 CLAIMS

Union	Employee deductions	Company Contributions	Total Outstanding Union Dues	Union Dues 81.4 Claim	Eligible WEPP (Unsecured)
IUOE	\$ 15,667.23	\$ 49,957.59	\$ 65,624.82	\$ 4,374.40	\$ 19,232.31
IUOE - Shop	2,404.64	4,310.60	6,715.27	3,315.67	3,399.57
IBEW	83.09	556.39	639.48	639.48	
United Steelworkers	3,989.35	1,544.50	5,533.85	2,830.07	2,703.78
Teamsters	8,987.62	22,710.96	31,698.58	2,941.26	8,214.24
<b>Total</b>	<b>\$ 31,131.93</b>	<b>\$ 79,080.07</b>	<b>\$110,212.00</b>	<b>\$ 14,100.88</b>	<b>\$ 33,549.90</b>

## CSL Services

### Summary of UNION DUES Section 81.4 CLAIMS

Union	Employee deductions	Company Contributions	Total Outstanding Union Dues	Union Dues 81.4 Claim	Eligible WEPP (Unsecured)
Boilermakers	\$ 32,462.34	\$ 29,768.61	\$ 62,230.95	\$ 59,087.63	\$ 3,163.32
Iron Workers	185.11	335.13	520.24	346.59	173.64
Labourers	2,321.23	7,616.16	9,937.39	3,066.41	4,246.14
NL Carpenters	190.85	792.55	983.40	983.40	
United Steelworkers	350.26	212.50	562.76	328.16	234.59
IBEW	764.42	12,024.68	12,789.10	5,462.31	4,794.84
<b>Total</b>	<b>\$ 36,274.21</b>	<b>\$ 50,749.63</b>	<b>\$ 87,023.84</b>	<b>\$ 69,274.50</b>	<b>12,612.53</b>

### Summary of UNION DUES Section 81.4 CLAIMS

	Employee deductions	Company Contributions	Total Outstanding Union Dues	Union Dues 81.4 Claim	Eligible WEPP (Unsecured)
<b>Total</b>	<b>\$ 67,406.14</b>	<b>\$ 129,829.70</b>	<b>\$197,235.84</b>	<b>\$ 83,375.38</b>	<b>\$ 46,162.43</b>

3.3.6 As illustrated the total balance that is eligible for a Section 81.4 claim relating to the Union Dues Claim totals \$197,235.82. Accordingly, subject to the Court's approval, the Receiver will make a distribution to the respective Unions totaling \$83,375.38 for the Union Dues Charges representing 81.4 employee claims as outlined in the chart above.

3.3.7 In order to facilitate the payment of this claim the Receiver proposes the following process:

- a) The Receiver will notify and share with each Union the detailed calculation prepared for each individual worker, on a Union by Union basis.

- b) The total for each Union, will be remitted to each Union, as is required under each respective collective agreement.
- c) It will be up to the respective Unions on how that payment is to be allocated to the respective funds, and applied, given that the payment will be less than the total obligation.
- d) The payment will represent the full and final payment of 81.4 Union Dues Claims.

**3.3.8** A portion of the Union Dues Claim above the Union Dues 81.4 Charge will fall within the WEPPA thresholds between the secured 81.4 amount and the total allowable claim amount (i.e. an unsecured claim) of \$3,976.92 per person. These amounts will be reported to Services Canada and the Receiver expects Service Canada will make payments directly to the respective union members.

**3.3.9** The Receiver intends to let the respective Unions/Union members to decide on how to proceed with eligible unsecured WEPPA payments as they are in the best position to make said decisions.

**3.3.10** The above noted process is recommended by the Receiver as it:

- a) Protects the privacy of the respective employee, and the confidential contractual and payroll information related to each unionized employee, and Union.
- b) Is administratively the most efficient process as the Unions themselves are in the best position to determine how 81.4 payments should be applied.
- c) It is the most administratively pragmatic process as it is unlikely that an order by this Honourable Court altering the Service Canada WEPPA process will be administratively possible.

#### **3.4 Salary Employee Claims**

**3.4.1** All wages outstanding to salaried/hourly employees as of May 11, 2018 have been paid by the Receiver.

**3.4.2** The Receiver has not yet completed its analysis on possible 81.4 claims related to unpaid wages. The estimated priority claim, if any, would be less than \$15,000, with the balance ranking as a unsecured creditor (whether covered by WEPPA or not).

**3.4.3** The Receiver requests this Honourable Court to approve an order that provides the Receiver the authority to complete the analysis and make 81.4 payments to Salary Employees provided the total payment is not materially different than the estimate noted above.

## ***4.0 RECEIVER'S AND ITS COUNSEL'S ACCOUNTS***

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### **4.0 Receiver's and Counsel's Accounts**

- 4.0.1** Pursuant to paragraph 20 of the Appointment Order, any expenditure or liability which shall properly be made or incurred by the Receiver, including the fees and disbursements of the Receiver and the fees and disbursements of its Counsel, constitute part of the "Administrative Charge" up to \$100,000. The fees and disbursements of the Receiver for the period ending June 30, 2018 are detailed in the affidavit of Phil Clarke, a copy of which is attached as **Appendix G**. The fees and disbursements of Cox & Palmer, counsel to the Receiver, are attached as **Appendix H**. The fees and disbursements of Patterson Law, counsel to the Receiver, are attached as **Appendix H**.
- 4.0.2** The Receiver's fees to June 30, 2018 encompass 821 hours at an average hourly rate of approximately \$260.84 for a total of \$225,484.75 prior to disbursements of \$11,338.25 and applicable taxes. The Receiver is therefore requesting that this Honourable Court approve its total fees and disbursements to June 30, 2018 inclusive of applicable taxes in the amount of \$236,823.
- 4.0.3** Cox & Palmer's fees to August 31, 2018 total \$69,302 prior to disbursements of \$1,355 and applicable taxes. The Receiver is therefore requesting that this Honourable Court approve Cox and Palmer's total fees and disbursements inclusive of applicable taxes in the amount of \$81,179.38.
- 4.0.4** Patterson's fees to August 31, 2018 total \$4,900 prior to disbursements of \$1,224 and applicable taxes. The Receiver is therefore requesting that this Honourable Court approve Patterson's total fees and disbursements inclusive of applicable taxes in the amount of \$7,037.

## **5.0 BANKRUPTCY OF THE PTL GROUP**

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- 5.0.1** The bankruptcy of the PTL Group was expected through the realization process and was therefore included in the Appointment Order.
- 5.0.2** Paragraph 31 of the Appointment Order authorizes the Receiver to make an assignment in bankruptcy in respect of the PTL Group in accordance with the *Bankruptcy and Insolvency Act*.
- 5.0.3** The Receiver assigned the PTL Group into bankruptcy on September 26, 2018 and the Office of Superintendent of Bankruptcy issued certificates of appointment on September 28, 2018. Copies of the certificates are attached as **Appendix I**.
- 5.0.4** The Office of the Superintendent of Bankruptcy approved a request to have the date of the meeting of creditors moved to October 25, 2018 with PTL at 12 noon, CSL at 1pm, Holdings at 2pm, and 926 at 3pm (all NL time), at the same location.
- 5.0.5** Statutory notices were issued by the Trustee and the first meeting of creditors will be held subsequent to the date of this report in accordance with the *Bankruptcy and Insolvency Act*.



## **6.0 STATEMENT OF RECEIPTS & DISBURSEMENTS**

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- 6.0.1** Appendix J, attached, presents a summary of the Receiver's interim statement of Receipts and Disbursements for the period May 11, 2018 to September 28, 2018 (the "Receiver's Interim R&D"). As is illustrated, receipts total approximately \$10,445,000, primarily related to the Sale Transaction, collection of opening AR, ongoing sales, and an HST refund.
- 6.0.2** The Receiver has made disbursements of approximately \$4,905,923, primarily related to payroll and related remittances and operating costs. Accordingly, as at September 28, 2018 the Receiver has net funds in its accounts of approximately \$5,539,000, excluding unpaid estate costs and claims in the estate.

## **7.0 ESTIMATED ESTATE REALIZATION**

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- 7.0.1** The Receiver estimates, based on claims, estimated claims to date, priority charges, and the proposed distribution outlined further in this report, that realization efforts will result in a deficiency to CIBC, and no distribution to Parsons Vendors, CSL Vendors, or unsecured creditors.
- 7.0.2** The Receiver's estimates are attached as **Appendix K**.
- 7.0.3** The estimated realization, and proposed distribution, is based on the bankruptcy of the PTL Group and the priorities established by the *Bankruptcy and Insolvency Act*.
- 7.0.4** Readers are cautioned that this is an estimate and actuals results may differ from estimates and that difference may be significant.

## 8.0 SECURED CREDITORS AND PROPOSED DISTRIBUTIONS

### 8.0 Secured Creditors

8.0.1 The following chart provides a summary of creditors that have a security interest registered against the PTL Group and their respective outstanding loan amounts as at the Appointment Date based on the Company's Books and Records:

Creditor	Debt	Security	Debtor
CIBC	\$5,700,000	GSA, Assignment of ECA's, Leasehold Charge	PTL Group
Parsons Vendors & CSL Vendors	11,500,000	GSA	PTL Group
Paccar	Unknown	PMSI	PTL
CNH	Unknown	PMSI	PTL
National Leasing	Unknown	PMSI	PTL

8.0.2 The following is a summary of the Receiver's review / actions in respect of the various secured lenders and Equipment Lessors:

- a) CIBC: As noted herein, the Receiver's independent legal counsel has reviewed the CIBC Security and provided its opinion that the security is valid and enforceable in accordance with its respective terms. As a result, all owned assets that are not specifically encumbered by another specific registrant are subject to the CIBC Security;
- b) Parsons Vendors and CSL Vendors: As noted herein, the Parsons Vendors, CSL Vendors and CIBC, among others, entered into inter-creditor agreements setting out the priority of their respective security interests which provides that the CIBC Security ranks in priority to the Parsons Vendors and CSL Vendors up to \$9.5 million. At this time, the Receiver expects a shortfall to CIBC and accordingly, no further work has been undertaken in respect of the security of the Parsons Vendors and CSL Vendors;
- c) Equipment Lessors:
  - i. Each of Paccar, CNH, and National Leasing have registered security interests for their respective Financed Equipment that was used in the PTL Group operations;
  - ii. Pursuant to the terms of the Locke's APA, the Purchaser had agreed to assume the Financed Equipment leases and to be responsible for any cure costs as defined in the Locke's APA. However, pursuant to the Final Amended Locke's APA, Locke's did not assume the Financed

Equipment leases and accordingly, the Receiver is making arrangements to return the Financed Equipment to the Equipment Lessors.

iii. Deficiency claims from the Equipment Lessors will be treated as unsecured claims in the estate.

## **8.1 Union Obligations**

**8.1.1** As outlined in Section 3.0 herein, the Unions have claims for the Union Pension Charge and a Union Dues Claim, relating to either deductions from the individual Union members or contributions that were to be made by the Company.

**8.1.2** The Union Pension Charge for PTL and CSL in the amounts of \$136,916.16 and \$32,916.36, respectively, represent a prior ranking claim over all of the assets of PTL and CSL pursuant to Section 81.6 of the BIA and accordingly, the Receiver is seeking the Court's authority to pay the Union Pension Charge.

**8.1.3** The Union Dues Claim total \$14,100.88 and \$69,274.50, respectively for PTL and CSL, represent a prior ranking claim over current assets, and subject to a threshold limit within Section 81.4 of the BIA (i.e. to the extent of \$2,000 per individual employee) vis a vis pre-receivership wage amounts paid subsequent to the Appointment Date.

## **8.2 Salary Employee Claims**

**8.2.1** The staff were advised of the Receiver's appointment and of the existence of the *Wage Earner Protection Program Act* ("WEPPA"). The analysis for any potential 81.4 Claim for salary employees is ongoing.

**8.2.2** The Receiver is seeking approval to pay 81.4 claims to Salary Employee once finalized, providing that the total of such payment does not materially exceed \$15,000.

## **8.3 Government Accounts - Canada Revenue Agency Source Deductions**

**8.3.1** Based on the Company's records, there are no employee source deductions outstanding relating to payroll tax, CPP and EI. The Receiver requested an audit of the Company's source deductions account which remains outstanding.

**8.3.2** The employer portion estimate outlined in this report is considered by the Receiver as an unsecured claim in the estate as a result of the bankruptcy.

## **8.4 Government Accounts - Canada Revenue Agency HST**

**8.4.1** As outlined in Paragraph 2.9.8, the PTL Group has approximately \$720,000 outstanding on account of HST.

8.4.2 The outstanding HST outlined in this report is considered by the Receiver as an unsecured claim in the estate as a result of the bankruptcy.

#### 8.5 Government Accounts - HAPSET

8.5.1 As outlined in Paragraph 2.10, on appointment, CSL had an estimated HAPSET balance outstanding of \$106,133. PTL had an estimated HAPSET balance outstanding of \$61,291.

8.5.2 The outstanding HAPSET outlined in this report is considered by the Receiver as an unsecured claim in the estate as a result of the bankruptcy.

#### 8.6 Proposed Distributions

8.6.1 With the exception of the charges under the Appointment Order, the Union Pension Charge, the Union Dues 81.4 Charge and the Salary 81.4 Claim, the Receiver is not aware of any other claims that would rank in priority to CIBC. Accordingly, subject to the approval of this Honourable Court, the Receiver proposes to make the following distributions (collectively the “Proposed Distributions”):

- a) a distribution to the respective Unions for the Union Pension Charge totaling \$169,832.52 (the “Pension Distribution”);
- b) a distribution to the respective Unions for the Union Dues 81.4 Charge totaling \$83,375.38 (the “Union Dues Distribution”);
- c) a maximum distribution of \$15,000 to salaried employees 81.4 Charge once the calculation is finalized by the Receiver (the “Salaried Employee Distribution”)
- d) an interim distribution to CIBC in the amount of \$3,250,000.

8.6.2 The proposed distribution holds back sufficient estimated funds to allow the Receiver to satisfy any outstanding estate costs incurred, projected professional fees to complete the administration of the estate, and professional fees and costs to complete the administration of the bankruptcy estates.

8.6.3 A Schedule of Proposed Interim Distribution is attached as **Appendix L**.

#### 8.7 Banking and CIBC

8.7.1 Collectively, subject to ongoing costs and interest, the balance due to CIBC on appointment as of September 25, 2018, after set-offs, is as follows:

Net Operating Facility	1,975,691
Term Loan	3,948,500
	5,924,191

**8.7.2** The balance is subject to a per diem charge of \$899.12. The payout statement is attached as **Appendix M**.

## **9.0 RECEIVER'S ACTIVITIES AND NEXT STEPS**

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### **9.0 Receiver's Activities Since the Receiver's First Report**

**9.0.1** The Receiver continues to administer the estate in good faith and with due diligence by completing the following activities (including but not limited to):

- The Receiver has, and continues, to respond to stakeholder (employees, unions, creditors, suppliers, customers, government agencies, etc.) and creditor inquiries in an open, transparent and timely fashion;
- The Receiver has participated in numerous calls with its legal advisors to address and map out operational and financial issues in order to close the sale transaction to Locke's and put forward a proposed interim distribution;
- The Receiver has continued operations to the date of closing, and made arrangement to either complete contracts, or assign them to third parties, where possible, post closing;
- The Receiver has closed the sale transaction with Locke's Electrical and has completed the transition of the purchased assets;
- The Receiver has continued to manage the payroll function, statutory remittances processes (source deduction, HST, workers compensation, HAPSET), Union reporting and remittance processes, procurement process with suppliers, supplier payments, and the estate's banking process;
- The Receiver has continued to communicate extensively with customers, bill customers for work properly performed in a timely fashion, and collect on accounts receivable, following up and resolving disputes when required;
- The Receiver has maintained appropriate insurance coverage over the estate assets in conjunction with the support of a qualified broker;
- The Receiver has attended multiple court hearings with regards to the Court approval of the sale to Locke's Electrical, and multiple Court hearings/meetings with respect to legal proceedings associated with the various lien claims involving the estate; and
- The Receiver has calculated and reviewed possible priority claims in the estate.

## **10.0 RECOMMENDATIONS**

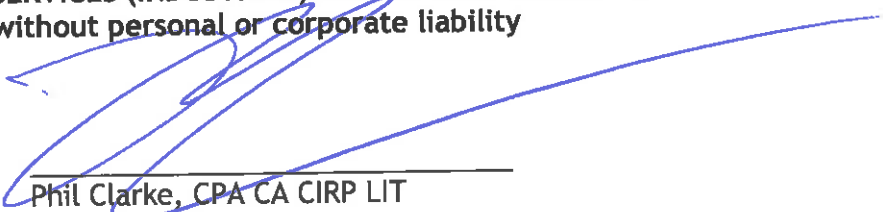
### **10.0 Recommendations:**

**10.0.1** The Receiver respectfully submits this Second Report to the Court in support of the Receiver's motion for an Order:

- approving the Second Report and the Receiver's activities as outlined herein;
- approving the Pension Distribution (substantially as defined herein) to the respective Unions;
- approving the Union Dues Distribution (substantially as defined herein) to the respective Unions;
- approving the Salary Employee Distribution (substantially as defined herein);
- approving an interim distribution to CIBC (as defined therein);
- approving the fees and disbursements of the Receiver and its counsel, Cox & Palmer and Patterson Law, as outlined herein; and
- approving the Receiver's Interim R&D.

All of which is respectfully submitted this 18<sup>th</sup> day of October, 2018.

**BDO CANADA LIMITED,  
in its capacity as COURT-APPOINTED RECEIVER OF  
PTL HOLDINGS LIMITED, PTL SERVICES (EQUIPMENT) LIMITED,  
CSL SERVICES (INDUSTRIAL) LIMITED AND 9263357 CANADA INC.  
and without personal or corporate liability**

Per:   
\_\_\_\_\_  
Phil Clarke, CPA CA CIRP LIT  
Senior Vice President