

COURT FILE NO. DISTRICT OF ALBERTA  
DIVISION NO. 01-EDMONTON  
COURT NO. BK03 116029  
ESTATE NO. 24-116029

COURT COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE EDMONTON



IN THE MATTER OF THE BANKRUPTCY OF 1119658 ALBERTA LTD..

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McLENNAN ROSS LLP #600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	Lawyer: Charles P. Russell, Q.C. Telephone: (780) 482-9115 Fax: (780) 482-9102 Email: crussell@mross.com File No.: 184182
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**AFFIDAVIT OF HARDEEP SINGH SWORN ON THE 29 DAY OF JULY, 2019**


I, HARDEEP SINGH, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am employed by Plaintiff Business Development Bank of Canada Ltd. ("BDC") in the capacity of Senior Account Manager, Special Accounts. I have reviewed the books and records of BDC prepared in the ordinary course of business and as such have a personal knowledge of the matters hereinafter deposed to except where stated to be based on information and belief. I am authorized by BDC to make this Affidavit.
2. BDC is a lending institution carrying on business in the Provinces of Alberta and Saskatchewan and elsewhere in Canada.
3. The Defendant 1119658 Alberta Ltd. (the "Borrower") is a body corporate incorporated in the Province of Alberta and has carried on business in and around Alberta prior to the shutdown of its business as referenced below.
4. The Borrower was engaged in the business of operating a hotel in Drayton Valley, Alberta. On December 5, 2018, Hardie & Kelly Inc. (the "Receiver") was appointed as receiver and manager of the Borrower and attached hereto and marked as **Exhibit "A"** is a true copy of such Receivership Order, amended to correct two errors in dates.
5. An affiliate of the Borrower, 101285461 Saskatchewan Ltd., operated a hotel in Saskatchewan, and the Receiver was appointed as receiver and manager over that hotel as well.
6. Attached hereto and marked as **Exhibit "B"** is a true copy of the body of my Affidavit sworn November 20, 2018 in support of the application for the appointment of the Receiver, the

contents of which are true. The exhibits to that Affidavit have not been appended hereto in light of the volume thereof, but are available for review and are filed in Court of Queen's Bench of Alberta Action No. 1803 21971, the receivership action.

7. The Receiver has compiled a list of unpaid creditors of the Borrower for its Receiver's Statement, based on the books and records of the Borrower, and attached hereto and marked as **Exhibit "C"** is a true copy of such list of creditors. I am informed by Kevin Meyler, a Senior Vice-President of the Receiver, and do verily believe that the books and records of the Borrower were incomplete, as a result of which the Receiver identified the creditors who were owed monies by the Borrower, but simply put a placeholder for the amounts owed to such creditors pending determination of whether further Investigation was required. I am further informed by Mr. Meyler and do verily believe that such Investigation would not be required in the event no monies will be available to unsecured creditors, which appears to be the case.
8. I am informed by Mr. Meyler and do verily believe that none of these creditors have been paid.
9. In the course of the receivership, the Receiver's counsel identified two land transfers and a transfer of a BMW which the Receiver's counsel identified as reviewable or preferential transactions, and attached hereto and marked as **Exhibit "D"** is a true copy of such counsel's letter to the Borrower's then counsel and a recipient of such transactions. I am informed by the Receiver's counsel and do verily believe that the contents of such letter are true.
10. I am further informed by Kevin Meyler and do verily believe that the recipients of Exhibit "D" provided some explanation with respect to the subject transactions through their counsel Murray Engelking, and a true copy of such response is attached hereto and marked as **Exhibit "E"**.
11. I am further informed by Mr. Meyler and do verily believe that the explanations provided by Mr. Engelking are insufficient to satisfy the Receiver that the subject transactions are not subject to challenge under the *Bankruptcy and Insolvency Act*.
12. Based on the foregoing, I do verily believe that the Borrower has committed acts of bankruptcy pursuant to section 42(1)(b), (c) and (j) of the *Bankruptcy and Insolvency Act*.
13. BDC is owed \$2,883,123.83 as at July 16, 2019, of which at least \$800,000 is unsecured.
14. Hardie & Kelly Inc. has consented to act as Trustee in Bankruptcy of the Borrower and attached hereto and marked as **Exhibit "F"** is a true copy of such consent.
15. I make this Affidavit in support of an Application for an Order declaring that the Borrower be adjudged bankrupt and that Hardie & Kelly Inc. be appointed as Trustee in Bankruptcy of the Borrower without security.

**SWORN BEFORE ME** at the )  
 City of Calgary, in the )  
 Province of Alberta )  
 the 29 day of July, 2019 )  
 \_\_\_\_\_ )  
 M. Sahdev )  
 \_\_\_\_\_ )  
 A Notary Public in and for )  
 the Province of Alberta )

  
 \_\_\_\_\_  
**HARDEEP SINGH**

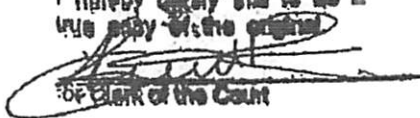
A Commissioner for Oaths

Monika Sahdev,  
 My Commission expires on Sept-26, 2020

This is **Exhibit "A"** referred to in the Affidavit of Hardeep Singh sworn before me on the 29 day of July, 2019.

*Commissioner  
for Oaths* Monika Sahdev. )  
A Notary Public in and for )  
the Province of Alberta )

*Monika Sahdev,  
My Commission Expires on Sept 26, 2020*

I hereby certify this to be a true copy of the original  
  
Clerk of the Court

Clerk's stamp:



COURT FILE NUMBER: 1803 21971

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE OF EDMONTON

IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY OF 1119658 ALBERTA LTD. and 101285461 SASKATCHEWAN LTD.

APPLICANT: BUSINESS DEVELOPMENT BANK OF CANADA

RESPONDENTS: 1119658 ALBERTA LTD. and 101285461 SASKATCHEWAN LTD.

DOCUMENT: AMENDED RECEIVERSHIP ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McLENNAN ROSS LLP #600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	Lawyer: Charles P. Russell, Q.C. Telephone: (780) 482-9115 Fax: (780) 733-9757 Email: crussell@mross.com File No.: 184182
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DATE ON WHICH ORDER WAS PRONOUNCED: December 5, 2018

NAME OF JUDGE WHO MADE THIS ORDER: Justice S. D. Hillier

LOCATION OF HEARING: Edmonton

UPON the application of BUSINESS DEVELOPMENT BANK OF CANADA in respect of 1119658 ALBERTA LTD. and 101285461 SASKATCHEWAN LTD. (collectively, the "Debtor"); AND UPON having read the Application, the Affidavit of Hardeep Singh sworn November 20, 2018, filed; AND UPON reading the consent of Hardie & Kelly Inc. to act as receiver and manager ("Receiver") of the Debtor, filed; ; AND UPON hearing counsel for the Plaintiff and the Defendants; **IT IS HEREBY ORDERED AND DECLARED THAT:**

#### SERVICE

1. The time for service of the notice of application for this order is hereby abridged and service thereof is deemed good and sufficient.

#### APPOINTMENT

2. Pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 ("BIA"), and sections 13(2) of the *Judicature Act*, R.S.A. 2000, c.J-2, 99(a) of the *Business Corporations Act*, R.S.A. 2000, c.B-9, and 65(7) of the *Personal Property Security Act*, R.S.A. 2000, c.P-7 Hardie & Kelly Inc. is hereby appointed Receiver, without security, of all of the Debtor's current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Property").

#### RECEIVER'S POWERS

3. The Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:
  - (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
  - (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
  - (c) to manage, operate and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part other business, or cease to perform any contracts of the Debtor;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (j) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding, and provided further that nothing in this Order shall authorize the Receiver to defend or settle the action in which this Order is made unless otherwise directed by this Court.
- (k) to market any or all the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate.
- (l) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,

- (i) without the approval of this Court in respect of any transaction not exceeding \$150,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
- (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case notice under subsection 60(8) of the *Personal Property Security Act*, R.S.A. 2000, c. P-7 shall not be required.

- (m) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (n) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (o) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (p) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

**DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

4. (i) The Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property (excluding Property subject to liens the validity of which is dependent on maintaining possession) to the Receiver upon the Receiver's request.
5. All Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or documents prepared in contemplation of litigation or due to statutory provisions prohibiting such disclosure.
6. If any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons



in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

7. No proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

#### **NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

8. No Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court, provided, however, that nothing in this Order shall: (i) prevent any Person from commencing a proceeding regarding a claim that might otherwise become barred by statute or an existing agreement if such proceeding is not commenced before the expiration of the stay provided by this paragraph 8; and (ii) affect a Regulatory Body's investigation in respect of the debtor or an action, suit or proceeding that is taken in respect of the debtor by or before the Regulatory Body, other than the enforcement of a payment order by the Regulatory Body or the Court. "Regulatory Body" means a person or body that has

powers, duties or functions relating to the enforcement or administration of an Act of Parliament or of the legislature of a province.

**NO EXERCISE OF RIGHTS OF REMEDIES**

9. All rights and remedies (including, without limitation, set-off rights) against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that nothing in this paragraph shall (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

**NO INTERFERENCE WITH THE RECEIVER**

10. No Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver or leave of this Court.

**CONTINUATION OF SERVICES**

11. All Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and this Court directs that the Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed

it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

#### LIMITATION ON ENVIRONMENTAL LIABILITIES

15. (a) Notwithstanding anything in any federal or provincial law, the Receiver is not personally liable in that position for any environmental condition that arose or environmental damage that occurred:
- (i) before the Receiver's appointment; or
  - (ii) after the Receiver's appointment unless it is established that the condition arose or the damage occurred as a result of the Receiver's gross negligence or wilful misconduct.
- (b) Nothing in sub-paragraph (a) exempts a Receiver from any duty to report or make disclosure imposed by a law referred to in that sub-paragraph.
- (c) Notwithstanding anything in any federal or provincial law, but subject to sub-paragraph (a) hereof, where an order is made which has the effect of requiring the Receiver to remedy any environmental condition or environmental damage affecting the Property, the Receiver is not personally liable for failure to comply with the order, and is not personally liable for any costs that are or would be incurred by any person in carrying out the terms of the order,
- (i) if, within such time as is specified in the order, within 10 days after the order is made if no time is so specified, within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, or during the period of the stay referred to in clause (ii) below, the Receiver:
    - A. complies with the order, or

- B. on notice to the person who issued the order, abandons, disposes of or otherwise releases any interest in any real property affected by the condition or damage;
- (ii) during the period of a stay of the order granted, on application made within the time specified in the order referred to in clause (i) above, within 10 days after the order is made or within 10 days after the appointment of the Receiver, if the order is in effect when the Receiver is appointed, by,
  - A. the court or body having jurisdiction under the law pursuant to which the order was made to enable the Receiver to contest the order; or
  - B. the court having jurisdiction in bankruptcy for the purposes of assessing the economic viability of complying with the order; or
- (iii) if the Receiver had, before the order was made, abandoned or renounced or been divested of any interest in any real property affected by the condition or damage.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

16. Except for gross negligence or wilful misconduct, as a result of its appointment or carrying out the provisions of this Order the Receiver shall incur no liability or obligation that exceeds an amount for which it may obtain full indemnity from the Property. Nothing in this Order shall derogate from any limitation on liability or other protection afforded to the Receiver under any applicable law, including, without limitation, Section 14.06, 81.4(5) or 81.6(3) of the BIA.

#### **RECEIVER'S ACCOUNTS**

17. The Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case, incurred at their standard rates and charges. The Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements,

upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

#### RECEIVER TO HOLD FUNDS

12. All funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further order of this Court.

#### EMPLOYEES

13. Subject to employees' rights to terminate their employment, all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*, S.C. 2005, c.47 ("WEPPA").
14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if

incurred both before and after the making of this Order in respect of these proceedings, and the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person but subject to section 14.06(7), 81.4(4) and 81.6(2) of the BIA.

18. The Receiver and its legal counsel shall pass their accounts from time to time.
19. Prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including the legal fees and disbursements, incurred at the normal rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

#### FUNDING OF THE RECEIVERSHIP

20. The Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$~~150,000~~<sup>50,000</sup> (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges set out in sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.
21. Neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

22. The Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.
23. The monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

#### **ALLOCATION**

24. Any interested party may apply to this Court on notice to any other party likely to be affected, for an order allocating the Receiver's Charge and Receiver's Borrowings Charge amongst the various assets comprising the Property.

#### **GENERAL**

25. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
26. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Receiver will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence.
27. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.
28. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

29. The Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
30. The Plaintiff shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the Plaintiff's security or, if not so provided by the Plaintiff's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.
31. Any interested party may apply to this Court to vary or amend this Order on not less than 7 days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
32. The Receiver shall establish and maintain a website in respect of these proceedings at <http://www.relieffromdebt.ca/> and shall post there as soon as practicable:
  - (a) all materials prescribed by statute or regulation to be made publically available; and
  - (b) all applications, reports, affidavits, orders and other materials filed in these proceedings by or on behalf of the Receiver, or served upon it, except such materials as are confidential and the subject of a sealing order or pending application for a sealing order.

  
Justice of the Court of Queen's Bench of Alberta



**SCHEDULE "A"**

**RECEIVER CERTIFICATE**

CERTIFICATE NO. \_\_\_\_\_

AMOUNT \$ \_\_\_\_\_

1. THIS IS TO CERTIFY that HARDIE & KELLY INC., the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of 1119658 ALBERTA LTD. and 101285461 SASKATCHEWAN LTD. appointed by Order of the Court of Queen's Bench of Alberta (the "Court") dated the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the "Order") made in action number \_\_\_\_\_, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$\_\_\_\_\_, being part of the total principal sum of \$\_\_\_\_\_ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily] [monthly not in advance on the \_\_\_\_ day of each month] after the date hereof at a notional rate per annum equal to the rate of \_\_\_\_\_ per cent above the prime commercial lending rate of Business Development Bank of Canada from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at 250, 6700 MacLeod Trail SE, Calgary, AB T2H 0L3.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.
6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

HARDIE & KELLY INC., solely in its capacity as Receiver of the Property (as defined in the Order), and not in its personal capacity

Per: \_\_\_\_\_  
Name:  
Title:

This is **Exhibit "B"** referred to in the Affidavit of Hardeep Singh sworn before me on the 29 day of July, 2019.

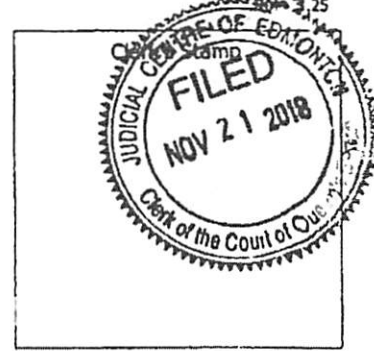
*Commissioner  
for Oaths* MSahdev )  
A Notary Public in and for )  
the Province of Alberta )

Monika Sahdev,  
My Commission expires on Sept. 26, 2020

COURT FILE NO. 1803 21971

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON



PLAINTIFF BUSINESS DEVELOPMENT BANK OF CANADA

DEFENDANTS 1119658 ALBERTA LTD. and 101285461 SASKATCHEWAN LTD.

DOCUMENT AFFIDAVIT OF HARDEEP SINGH

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	McLENNAN ROSS LLP #600 McLennan Ross Building 12220 Stony Plain Road Edmonton, AB T5N 3Y4	Lawyer: Charles P. Russell, Q.C. Telephone: (780) 482-9115 Fax: (780) 733-9757 Email: crussell@mross.com File No.: 184182
---	--	---

AFFIDAVIT OF HARDEEP SINGH SWORN ON THE 20 DAY OF NOVEMBER, 2018

I, HARDEEP SINGH, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am employed by Plaintiff Business Development Bank of Canada Ltd. ("BDC") in the capacity of Senior Account Manager, Special Accounts. I have reviewed the books and records of BDC prepared in the ordinary course of business and as such have a personal knowledge of the matters hereinafter deposed to except where stated to be based on information and belief. I am authorized by BDC to make this Affidavit.
2. BDC is a lending institution carrying on business in the Provinces of Alberta and Saskatchewan and elsewhere in Canada.
3. The Defendant 1119658 Alberta Ltd. ("111") is a body corporate incorporated pursuant to the *Business Corporations Act* of Alberta.
4. The Defendant 101285461 Saskatchewan Ltd. ("101") is a body corporate incorporated pursuant to the *Business Corporations Act* of Saskatchewan.
5. To the best of my knowledge, 101 and 111 (collectively, the "Borrowers") are sister corporations, whose common shareholder is Kuldeep Maan ("Maan"), a resident of Sherwood Park, Alberta.
6. By offers of financing issued by BDC and dated July 8, 2015 (the "Commitment Letters"), BDC agreed to provide financing to the Borrowers by way of two loans, Loan #089654-01 in the case

of 111 (the "111 Loan") and Loan #089712-01 in the case of 101 (the "101 Loan"). Attached hereto and marked as Exhibits "A" and "B" respectively are true copies of the Commitment Letters.

7. The 111 Loan is secured by a charge on lands located in Drayton Valley, Alberta legally described as Lot 8, Block 151, Plan 0720020 (the "Alberta Lands") in the principal amount of \$5,500,000 dated July 30, 2015 (the "Alberta Mortgage") and a general security agreement dated July 30, 2015 (the "111 GSA"). Attached hereto and marked as Exhibits "C", "D" and "E" respectively are true copies of the Alberta Mortgage, the 111 GSA and Standard Mortgage Terms registered at the Alberta Land Titles Office as document number 112 052 406.
8. The 111 Loan is further supported by a guarantee by 101 in the principal amount of \$2,750,000 dated July 30, 2015 (the "101 Guarantee"), secured by a mortgage over lands legally described as Lots 11 & 12, Parcel 7, Plan 99Y06931 Extension 0 located in Yorkton, Saskatchewan (the "Saskatchewan Lands") in the principal amount of \$5,500,000 dated July 30, 2015 (the "Saskatchewan Mortgage"). 101 further provided a general security agreement in favour of BDC as security for performance of its guarantee obligations dated July 30, 2015 (the "101 GSA"). Attached hereto and marked as Exhibits "F", "G" and "H" respectively are true copies of the 101 Guarantee, the Saskatchewan Mortgage and the 101 GSA.
9. The 111 GSA and the 101 GSA were registered in accordance with law, and attached hereto and marked as Exhibits "I" and "J" respectively are true copies of Personal Property Registry search results evidencing the same from each of Alberta and Saskatchewan Personal Property Registries.
10. The Alberta Mortgage and the Saskatchewan Mortgage have been duly registered as against the Alberta Lands and the Saskatchewan Lands respectively, and attached hereto and marked as Exhibit "K" and "L" respectively are true copies of search results from the relevant Land Titles Offices evidencing the same.
11. The proceeds of the 111 Loan were utilized to pay out existing financing on the Alberta Lands in the approximate amount of \$800,000, with the balance of approximately \$1,950,000 being utilized to enable 101 to acquire the Saskatchewan Lands.
12. The 101 Loan is secured by the Saskatchewan Mortgage and the 101 GSA.
13. As further security for the 101 Loan, 111 has provided a guarantee in the principal amount of \$2,750,000 dated July 30, 2015 to BDC (the "111 Guarantee") secured by the Alberta Mortgage and the 111 GSA. A true copy of the 111 Guarantee is attached hereto and marked as Exhibit "M".
14. Default has been made in performance of obligations owed to BDC by the Borrowers, and by letters dated August 23, 2018, BDC demanded payment on the Borrowers and Maan. Attached hereto and marked collectively as Exhibit "N" to this my Affidavit are true copies of such demands.
15. The Saskatchewan Lands are a 1.63 acre parcel in Yorkton, Saskatchewan upon which has been built a hotel known as the Quality Inn & Suites Yorkton (the "Saskatchewan Hotel").
16. The Alberta Lands are a 2.0 acre parcel in Drayton Valley, Alberta upon which has been constructed a hotel known as the Westwood Inn (the "Alberta Hotel").

17. As at August 23, 2018, 111 was indebted to BDC in the amount of \$2,638,265.67 on the 111 Loan, and interest continues to accrue due on such indebtedness from that date. 101 is indebted to BDC in such amount by virtue of the 101 Guarantee.
18. As at August 23, 2018, 101 was indebted to BDC in the amount of \$2,610,487.29 on the 101 Loan, and interest continues to accrue due on such indebtedness from that date. 111 is indebted to BDC in such amount by virtue of the 111 Guarantee.
19. The 101 GSA, the 111 GSA, the Alberta Mortgage and the Saskatchewan Mortgage entitle BDC to recover its costs of review and enforcement of its security, on a solicitor and his own client basis.
20. 101 was incorporated specifically to acquire the Saskatchewan Lands, and to the best of my knowledge the Saskatchewan Lands are the only substantive asset of 101.
21. 111 has owned the Alberta Lands since 2006, and has operated the Alberta Hotel during that timeframe. To the best of my knowledge the Alberta Lands are the only substantive asset of 111.
22. Searches conducted with the municipal tax authorities in Drayton Valley, Alberta and Yorkton, Saskatchewan reveal that tax arrears of \$37,423.46 are owed on the Alberta Lands and tax arrears of \$406,656.80 are owed on the Saskatchewan Lands. Attached hereto and marked as Exhibit "O" and "P" respectively are true copies of such search results.
23. Both the Saskatchewan Hotel and the Alberta Hotel (collectively, the "Hotels") had experienced a material drop in revenue and suffered material losses in the two years leading up to May 2017. On or about May 18, 2017, BDC issued notices of default to 111 and 101, and true copies of such notices of default are attached hereto and marked as Exhibit "Q".
24. On or about June 7, 2017, BDC and the Borrowers entered into standstill agreements pursuant to which BDC agreed to forbear in taking further steps to recover the Loans until November 23, 2017, provided that:
  - (a) The Borrowers paid regular monthly payments of principal, interest and asset maintenance and upgrade reserve accounts during the term of the forbearance;
  - (b) Payments toward principal arrears and asset maintenance and upgrade reserve account arrears were paid to BDC in June 2017;
  - (c) Copies of current year-to-date financial statements including cashflow statements, operating statements and statements of accounts payable and receivable as at month end of June 2017 and September 2017, were provided within 10 days of each month end;
  - (d) All property taxes were paid in full by July 30, 2017;
  - (e) A copy of a sales listing agreement for the Saskatchewan Hotel at a list price of \$5,750,000 was provided to BDC by June 17, 2017, with regular updates from the listing realtor to be provided to BDC thereafter;
  - (f) During the term of the forbearance, the Borrowers paid all government priority claims including employee source deductions and GST;

- (g) Property taxes and operating costs for the Hotels were paid as those amounts fell due during the forbearance term, without arrears accruing.
- 25. Defaults by the Borrowers with respect to their obligations under the foregoing standstill agreements, included failure to pay property taxes, failure to pay appraisal fees and failure to provide information with respect to the status of the vendor takeback financing of the Saskatchewan Hotel
- 26. Notwithstanding these defaults, the forbearance agreements were extended through to May 23, 2018, on terms reflecting further compromises by BDC including interest only payments and waiver of asset reserve account payments, but the Borrowers committed further breaches of these agreements including allowing an increase in the Saskatchewan Hotel tax arrears from \$197,652 in 2017 to \$398,196 in 2018 and breach of covenants to pay GST/HST as they fell due. While BDC was considering whether to grant a further forbearance, the Borrowers ceased making payments in July 2018, and became non-responsive to BDC's communications. As a result, the demand letters referenced in paragraph 14 above were issued.
- 27. Even following issuance of the demand letters, Carolyn McConnell, Regional Director of Special Accounts for BDC, and I met with the Borrowers in October in an attempt to avoid litigation, at which meeting the Borrowers agreed to an arrangement pursuant to which BDC could have an independent insolvency practitioner monitor the Hotels and report to BDC. Following such meeting, the Borrowers again became non-responsive, as a result of which the monitoring arrangement was never implemented.
- 28. Attached hereto and marked as Exhibit "R" are true copies of the most recent financial statements for 111 provided to BDC, and attached hereto and marked as Exhibit "S" are true copies of the most recent financial statements for 101 provided to BDC.
- 29. Hardie & Kelly Inc. is qualified to act as a receiver and manager of the assets of the Borrowers, and has consented to act in such capacity. Attached hereto and marked as Exhibit "T" is a true copy of such consent.
- 30. Based on the foregoing, I do verily believe it would be just and equitable that a receiver and manager be appointed over the property and assets of the Borrowers, and I make this Affidavit in support of an application for such relief.

SWORN BEFORE ME at the  
 City of Calgary, in the Province of Alberta  
 the 20 day of November, 2018

Carolyn McConnell  
 A Commissioner for Oaths in and  
 for the Province of Alberta

  
 Hardeep Singh

**Hardeep Singh**  
**Senior Account Manager**

Carolyn McConnell  
 Notary Public  
 Oct 3 20

This is **Exhibit "C"** referred to in the Affidavit of Hardeep Singh sworn before me on the 29 day of July, 2019.

Commissioner  
for Oaths

Msahdev )  
A Notary Public in and for )  
the Province of Alberta )

Monika Sahdev

My Commission Expires on Sept. 26, 2020



**RECEIVER'S STATEMENT  
PURSUANT TO SUBSECTION 246(1) OF  
THE BANKRUPTCY AND INSOLVENCY ACT**

**IN THE MATTER OF THE PROPERTY OF  
1119658 ALBERTA LTD. O/A WESTWOOD INN  
(THE "COMPANY")**

- (a) The estimated creditors of the Company and the approximate amount owed to each creditor as indicated on the Company's unaudited books and records where known are attached as Schedule "A".
- (b) The assets in possession or under the control of the Receiver include the following with an approximate value according to the most recent financial statements dated June 30, 2018 as follows:

• Investments	\$ 195,418
• Inventory	1
• Due from related party	2,939,868
• Property, plant and equipment	2,983,682

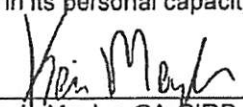
The Receiver notes that the above values are approximate book values from the financial statements and ultimate realizable value will differ, and such difference may be material

- (c) At this time, the intended plan of action of the Receiver is to exercise, as appropriate, the powers conveyed by Paragraph 3 of the Receivership Order (the "Order") granted by the Court of Queen's Bench of Alberta on December 5, 2018. A copy of the Order is available on the Receiver's website at <http://relieffromdebt.ca/1119658-alberta-ltd/>

DATED at Calgary, Alberta this 14<sup>th</sup> day of December, 2018.

Hardie & Kelly Inc., in its capacity as  
Receiver of 1119658 Alberta Ltd. o/a Westwood Inn  
and not in its personal capacity

Per: \_\_\_\_\_

  
Kevin Meyler, CA•CIRP  
Senior Vice-President

In the matter of the property of  
1119658 Alberta Ltd. o/a Westwood Inn  
in the town of Drayton Valley, in the Province of Alberta

*Listing of creditors as per the unaudited books and records of the Company, or affidavit of Hardeep Singh sworn and filed in these proceedings*

Creditor Type	Name	Attention	Claim \$
Secured	1621804 Alberta Ltd.		600,000
	Business Development Bank		2,638,265
	CRA - Source Deductions		1
	CRA - GST		1
	Town of Drayton Valley		37,423
	Alberta WCB		1
Total Secured Creditors			3,275,691
Unsecured	Alberta Tax and Administration		1
	Black Velvet Bobcat		1
	Booking.com		1
	Can Pak Environmental		1
	Expedia		1
	Hudson Energy		1
	Shaw Business		1
Town of Drayton Valley		1	
Total Unsecured Creditors			8
<b>TOTAL LIABILITIES</b>			<b>3,275,699</b>

This is Exhibit "D" referred to in the Affidavit of Hardeep Singh sworn before me on the 29 day of July, 2019.

*Commissioner  
for Oaths* Msandul )  
A Notary Public in and for )  
the Province of Alberta )

*Monika Sehdev,*

*My Commission expires on Sept. 26, 2020*

# MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP  
1600 - 520 - 3rd Avenue S.W.  
Calgary, Alberta T2P 0R3  
T: (403) 693-4300  
F: (403) 508-4349

Dean A. Hutchison  
Direct Line: (403) 693-4305  
E-mail: DHutchison@mltaikins.com

Lorraine Chanasyk  
Direct Line: (403) 693-2648  
E-mail: LChanasyk@mltaikins.com

June 10, 2019

*Via E-mail*  
*(dohertyb@dohertyschudlhaus.com)*  
*Via Registered Mail*

*Via Registered Mail*

Doherty Schuldhaus LLP  
2<sup>nd</sup> Floor Millwoods Town Centre  
Professional Building  
219, 6203 - 28 Avenue  
Edmonton, Alberta T6L 6K3

1058205 Alberta Ltd.  
155, 52304 Range Road 233  
Sherwood Park, Alberta  
T8A 3X2

Attention: Brian Doherty

Attention: Kamaljit Mann

Dear Sir:

Re: Receivership of 1119658 Alberta Ltd. ("1119 AB Ltd.") and 101285461  
Saskatchewan Ltd. ("1012 Sask Ltd.")

## Request for Documentation Regarding Reviewable Transactions

We are counsel for Hardie & Kelly Inc. (the "Receiver") in its capacity as the Court appointed receiver and manager of 1119 AB Ltd. and 1012 Sask Ltd. pursuant to the Amended Receivership Order granted by the Honourable Mr. Justice J.D. Hillier on December 5, 2018 in Court of Queen's Bench of Alberta Court File Number 1803-21971 (the "Receivership Order"), a copy of which is enclosed.

We refer you to our letter to you of March 25, 2019 (copy enclosed) to Mr. Doherty wherein we requested copies of all Records (as that term is defined in the Receivership Order). Subsequent to our March 25, 2019 letter, the Receiver received certain Records from 1119 AB Ltd. and 1012 Sask Ltd. From a review of those said Records, together with other Records obtained by the Receiver under the terms of the Receivership Order, the Receiver has identified three transactions involving assets of 1119 AB Ltd that appear to meet the criteria of reviewable or preferential transactions under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3: the first two concerning land transfers by 1119 AB Ltd. to 1058205 Alberta Ltd. ("1058 AB Ltd."); and the third concerning the disposition of a 2014 BMW X5 motor vehicle (the "BMW") by 1119 AB Ltd. to Kamaljit Mann.

19045999v2

Land Transfers by 1119 AB Ltd. to 1058 AB Ltd.

Based on a review of the internal financial statements for 1119 AB Ltd. for the period ended June 30, 2018, as well as certain working papers prepared by 1119 AB Ltd.'s accountant for the period ended June 30, 2017, there is the existence of approximate \$652,129 in value described in the June 30, 2017 financial statements as "Land Bonneyville" that is not reflected in the June 30, 2018 financial statements. The Receiver understands that the "Land Bonneyville" entry concerns two parcels of land bearing the civic addresses of 5101 - 54 Avenue, Bonneyville, Alberta (the "Area 1 Bonneyville Lands") and 5201 - 54 Avenue, Bonneyville, Alberta (the "Area 4 Bonneyville Lands"). The Area 1 Bonneyville Lands and the Area 4 Bonneyville Lands are hereinafter collectively referred to as the "Bonneyville Lands".

Based on an analysis of land titles searches for the Area 1 Bonneyville Lands and Area 4 Bonneyville Lands, copies attached as Appendix "A" and "B" respectively, the Receiver understands as follows:

*Area 1 Bonneyville Lands (Plan 1622416, Block 21, Lot 1)*

- Transfer of land registered August 30, 2017 transferring land from 1119 AB Ltd. to 1058 AB Ltd. for \$285,000. A copy of such transfer of land is attached as Appendix "C".
- Caveat registered on August 30, 2017 by Kuldeep Mann. A copy of this caveat is attached as Appendix "D" and indicates that Kuldeep Mann claims an interest in the land by virtue of a promissory note in the amount of \$285,000.

*Area 4 Bonneyville Lands (Plan 9520604, Area 4)*

- Transfer of land registered August 30, 2017 transferring land from 1119 AB Ltd. to 1058 AB Ltd. for \$335,000. A copy of such transfer of land is attached as Appendix "E".
- Caveat registered on August 30, 2017 by Kuldeep Mann. A copy of this caveat is attached as Appendix "F" and indicates that Kuldeep Mann claims an interest in the land by virtue of a promissory note in the amount of \$335,000.

Based on the 2017 Combined Assessment and Tax Notices for the Area 1 Bonneyville Lands and Area 4 Bonneyville Lands, (copies attached as Appendix "G" and "H" respectively), the Receiver understands as follows:

- Area 1 Bonneyville Land is vacant commercial lands with an assessed value of \$310,160; and
- Area 4 Bonneyville Land is vacant commercial lands with an assessed value of \$394,430;

In the Receiver's most recent request for Records from 1119 AB Ltd. and 1012 Sask Ltd., the Receiver specifically requested "details of the disposition of the Bonneyville Lands which were recorded on the June 30, 2017 Financial Statements with an approximate value of \$631,659"

with the requested information specifically being “a copy of any applicable bill of sale, together with evidence of consideration received and a description of the usage of such proceeds”. Management’s response to such request was “this was transferred to 1058205 Alberta Ltd. on August 14, 2017. See general ledger details”.

We note that the corporate registry search results for 1058 AB Ltd. reveals that the company is controlled by Kamaljit Mann, who the Receiver understands is Kuldeep Mann’s husband, thereby making both the foregoing described transactions as transactions between parties who are not at arm’s length.

Based on the information provided to date, the said transactions both appear to be reviewable and or preferential transactions whereby 1119 AB Ltd. has transferred its interests to a non-arm's length party for no or nominal consideration.

Disposition of the BMW by 1119 AB Ltd. to Kamaljit Mann for \$25,000

The Receiver requested information regarding the BMW from 1119 AB Ltd. and 1012 Sask Ltd. on numerous occasions prior to being advised that the BMW was sold by 1119 AB Ltd. prior to the date of Receivership. 1119 AB Ltd. later provided the Receiver with a copy of a bill of sale dated October 26, 2018 indicating that the BMW was sold to Kamaljit Mann for proceeds of \$25,000, and further indicating that payment of the \$25,000 price was purportedly paid by Kuldeep Mann by way of a shareholder loan. A copy of this bill of sale is attached as Appendix "I".

Based on the information provided to date, this transaction appears to be reviewable, a transfer undervalue, and or a preferential transaction whereby 1119 AB Ltd. has transferred its interests in the BMW to a non-arm's length party for no or nominal consideration.

We are providing this correspondence to you as a final opportunity for 1119 AB Ltd., 1012 Sask Ltd., 1058 AB Ltd., Kuldeep Mann and Kamaljit Mann to explain these transactions and provide documentation evidencing that these transactions or not reviewable, were not made for consideration undervalue, or were not preferential. Each of 1119 AB Ltd., 1012 Sask Ltd., 1058 AB Ltd., Kuldeep Mann and Kamaljit Mann have until 5:00 p.m. on Monday, June 17, 2019 to provide such evidence to the Receiver.

Should satisfactory evidence not be delivered to the Receiver by that time, we anticipate that steps will be taken to apply to the Court of Queen's Bench of Alberta for an Order adjudging 1119 AB Ltd. bankrupt and to further apply for an Order:

- (i) having each of the three foregoing described transactions declared preferential by the Court;

## MLT AIKINS

WESTERN CANADA'S LAW FIRM

- (ii) having Kuldeep Mann and or Kamaljit Mann ordered to pay the value of the BMW to the Receiver; and
- (iii) have title of the Bonnyville Lands ordered to be transferred back in the name of 1119 AB Ltd. so that they may be controlled by the Receiver and sold for the benefit of 1119 AB Ltd's creditors.

In the event Mr. Doherty's clients, 1058 AB Ltd. and Kamaljit Mann are willing to agree to the above relief; or alternatively provide payment of a reasonable sum of money in settlement of the Bonneyville Lands acquisition and the BMW transaction to the Receiver; it would result in a saving of the associated professional fees of making applications to the Court, which costs would be sought against Mr. Doherty's clients, 1058 AB Ltd. and Kamaljit Mann on a solicitor and own client full indemnity basis.

This is a very serious matter. We trust you and or your clients will govern yourselves accordingly.

Yours truly,

MLT AIKINS LLP

Per:



Dean A. Hutchison

DAH:lra  
Enclosures

Cc: Kevin Meyler (*Hardie & Kelly Inc.*) – via e-mail with enclosures

19045999v2

This is **Exhibit "E"** referred to in the Affidavit of Hardeep Singh sworn before me on the 29 day of July, 2019.

Commissioner  
of Oaths  
MSandhu  
A Notary Public in and for  
the Province of Alberta

Monika Sandhu

My Commission expires on Sept 26, 2020



## Erika Kiss

---

**From:** Chuck Russell  
**Sent:** Tuesday, July 16, 2019 9:07 AM  
**To:** Erika Kiss  
**Subject:** FW: Receivership of 1119658 Alberta Ltd. and 101285461 Saskatchewan Ltd.  
**Attachments:** 1119 AB - Engelking response to transaction correspondence.PDF

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

**From:** Kevin Meyler [mailto:kmeyler@insolvency.net]  
**Sent:** Tuesday, July 16, 2019 9:05 AM  
**To:** Chuck Russell <crussell@mross.com>; 'SINGH, Hardeep (CAL-N)' <hardeep.singh@bdc.ca>  
**Cc:** Dean A. Hutchison <dhutchison@mltaikins.com>  
**Subject:** FW: Receivership of 1119658 Alberta Ltd. and 101285461 Saskatchewan Ltd.

### Notice: External Email

Chuck and Hardeep,

In advance of our call later this morning, and previous to our correspondence of moments ago, please find enclosed Kuldeep Mann's response to Receiver counsel's correspondence with respect to the purported transfer at under value and/or preferential transactions. We note that we have not received a formal response from 10582805 Alberta Ltd.

We'd provide the following comments:

1. While it is marked "Without Prejudice", with the exception of the last paragraph our counsel advises that it does not appear to be a without prejudice correspondence and should be able to be put before the Court;
2. The explanation with respect to the Bonneyville Lands that they were transferred in exchange for the assumption by 1058205 Alberta Ltd. of the indebtedness of 1119 AB to Kuldeep Mann appears to be a preference and therefore in our view, and that of our counsel, should be able to be challenged. We also note that the financial statements (albeit incomplete), don't appear to show the shareholder loan as extinguished.
3. With respect to the BMW, the attached indicates that Kuldeep Mann was the actual registered owner of the vehicle and that the vehicle was registered in the name of 1119658 Alberta Ltd. as a matter of convenience only. We would have the following comments with respect to this explanation:
  - a. The purchase and sale agreement for the sale of vehicle from 1119658 Alberta Ltd. was made to Kamaljit Mann, not Kuldeep Mann;
  - b. The accountants working papers that were provided in support of the financial statements (as provided to BDC to evidence security for their loan) appear to list 1119 AB's ownership of vehicles which we understand was the BMW;
4. Lastly, our counsel advises that there are certain limitation considerations whereby we would suggest that action be taken on these transactions rather urgently.

Thanks and look forward to speaking with you at 10:30 this morning.



4311 SAVARYN DRIVE SW	
EDMONTON, ALBERTA, CANADA T6X 2E8	
TELEPHONE: 780.434.7787	FACSIMILE: 780.434.7424

ENGELKING LAW

BARRISTERS &amp; SOLICITORS

Refer to: Murray L. Engelking  
 Direct Line: (780) 469-9432  
 Email: mengelking@englaw.ca

Our File: 49732/MLE

Assistant: Cara Francis  
 Direct Line: (780) 469-4237  
 Email: cara@englaw.ca

June 25, 2019

Via facsimile: (403) 508-4349

"WITHOUT PREJUDICE"

MLT Atkins LLP  
 Barristers & Solicitors  
 1600 - 520 - 3<sup>rd</sup> Avenue SW  
 Calgary, Alberta  
 T2P 0R3

Attention: Dean A. Hutchison

Dear Sir:

Re: Receivership of 1119658 Alberta Ltd. and 101285461 Saskatchewan Ltd.

Please be advised we have been retained to act on behalf of Kuldeep Mann.

We have been provided with your June 10, 2019 correspondence.

With respect to the Bonnyville Land, the records of 1119658 Alberta Ltd. demonstrate that as of the 30<sup>th</sup> of June, 2017, 1119658 Alberta Ltd. was indebted to Kuldeep Mann in the amount of \$989,150.62. A copy of the relevant ledger is enclosed. The transfer of the Bonnyville Lands (as referred to in your June 10, 2019 correspondence) was made to 1058205 Alberta Ltd. by 1119658 Alberta Ltd. in exchange for the assumption by 1058205 Alberta Ltd. of the indebtedness of 1119658 Alberta Ltd. to Kuldeep Mann to the extent of \$620,000.00. The Caveats registered by Kuldeep Mann against the properties were to protect the indebtedness which 1058205 Alberta Ltd. agreed to assume.

We are of the view that the transfer by 1119658 Alberta Ltd. of the lands in question to 1058205 Alberta Ltd. was a transfer for value having regard to the assumption by 1058205 Alberta Ltd. of the indebtedness of 1119658 Alberta Ltd. to Kuldeep Mann.

As presently advised therefore, we are instructed to restrict any challenge to that transaction.

Concerning the BMW, the advice given to us by Kuldeep Mann was that she was the actual registered owner of the vehicle. The vehicle was registered in the name of 1119658 Alberta Ltd. as a matter of convenience only. Again, it is our client's view that the transaction wherein title was restored to her name, was a legitimate transaction. Any attempts to challenge the transaction will be resisted.

-2-

Having said that, our client is interested in attempting to resolve matters concerning the loans by BDC to 1119658 Alberta Ltd. and 101285461 Saskatchewan Ltd. I wonder if you might contact me so that we can discuss going forward.

Yours truly,

ENGELKING LAW

Per:

MURRAY L. ENGELKING

MLE/clf  
Enclosure

cc: client

1119858 ALBERTA LTD.  
 Year End: June 30, 2017  
 Date: 7/1/2016 To 6/30/2017  
 Account No: 2850

Name	Date	Number	Reference	Source	Annotation	Debit	Credit	Balance
2850 Shareholders Loan			Opening					(989,138.40)
To close ATB securities acct	6/30/2017	1		AJ			14.02	(989,150.62)
			Change			0.00	14.02	(14.02)
			Close					(989,160.82)
							Balance	(989,160.82)

This is Exhibit "F" referred to in the Affidavit of Hardeep Singh sworn before me on the 29 day of July, 2019.

*A Commissioner for Oaths* Msandul )  
A Notary Public in and for )  
the Province of Alberta )

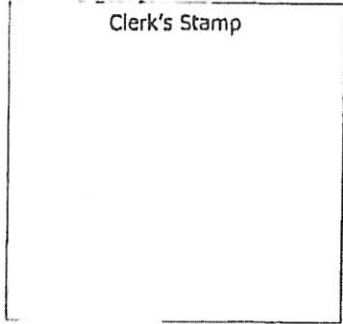
*Monika Sandhu*

*My commission expires on Sept. 26, 2020*

COURT FILE NO. DISTRICT OF ALBERTA  
DIVISION NO. 01-EDMONTON  
COURT NO. \_\_\_\_\_  
ESTATE NO. \_\_\_\_\_

COURT COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE EDMONTON



IN THE MATTER OF THE BANKRUPTCY OF 1119658 ALBERTA LTD.

DOCUMENT **CONSENT TO ACT AS TRUSTEE IN BANKRUPTCY  
OF 1119658 ALBERTA LTD.**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

McLENNAN ROSS LLP  
#600 McLennan Ross Building  
12220 Stony Plain Road  
Edmonton, AB T5N 3Y4

Lawyer: Charles P. Russell, Q.C.  
Telephone: (780) 482-9115  
Fax: (780) 482-9102  
Email: crussell@mross.com  
File No.: 184182

Hardie & Kelly Inc. does hereby consent to act as Trustee in Bankruptcy of 1119658 Alberta Ltd,

DATED this 22 day of July, 2019.

HARDIE & KELLY INC.

Per: \_\_\_\_\_

*Kevin Meyle*  
Kevin Meyle  
Senior Vice President