

COURT FILE NUMBER 1601-10546

COURT COURT OF QUEEN'S BENCH OF  
ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF BANK OF MONTREAL

DEFENDANT FITZ FLOORING LTD.

DOCUMENT **FIRST AND FINAL REPORT OF THE COURT-APPOINTED  
RECEIVER AND MANAGER OF FITZ FLOORING LTD.**

**DATED JANUARY 15, 2018**

**PREPARED BY HUDSON & COMPANY INSOLVENCY  
TRUSTEES INC.**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF PARTY  
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DOCUMENT

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File No. 49395-1

**Attention: Jeffrey L. Oliver**

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## APPENDICES

**Appendix A – Receivership Order dated August 12, 2016**

**Appendix B – Letter dated August 30, 2016 from the Canada Revenue Agency**

**Appendix C – Letter dated October 21, 2016 to the Canada Revenue Agency**

**Appendix D – Letter dated June 29, 2017 from the Canada Revenue Agency**

**Appendix E – Receiver's Final Statement of Receipts and Disbursements for the period from August 12, 2016 to January 12, 2018**

**Appendix F – Form of Receiver's Discharge Certificate**

## INTRODUCTION AND BACKGROUND

### Introduction

1. Pursuant to an Order (the “Receivership Order”) granted by the Court of Queen’s Bench of Alberta (the “Court”) on August 12, 2016 (the “Date of Receivership”), Hudson & Company Insolvency Trustees Inc. (“Hudson”) was appointed as receiver and manager (the “Receiver”) of Fitz Flooring Ltd. (“Fitz” or the “Company”). A copy of the Receivership Order is attached as **Appendix A**.
2. The Receivership Order was granted as a result of an application by the Bank of Montreal (“BMO”), which holds registered security over all of the Company’s present and after acquired property pursuant to a general security agreement.
3. The Receiver retained Cassels Brock & Blackwell LLP (“Cassels”) as its independent legal counsel.

### Notice to Reader

4. In preparing this report, the Receiver has relied on unaudited financial statements, the Company’s records and discussions with former management, interested parties and other stakeholders. The Receiver has not performed an independent audit or review of the information provided.

### Background

5. Fitz was a full-service flooring company, incorporated under the laws of Alberta, which carried on business in the provinces of Alberta and British Columbia.
6. This report constitutes the first and final report of the Receiver (the “First and Final Report”). This First and Final Report is filed in support of the Receiver’s application to this Honourable Court on January 23, 2018 seeking the following:

- a. Approval of the Receiver's reported actions to date in respect of administering these receivership proceedings;
- b. Approval of the accounts of the Receiver and Cassels;
- c. Approval of the disbursement of funds; and
- d. The discharge of the Receiver.

#### **Powers of the Receiver**

7. The Receiver's powers are detailed in Paragraph 4 of the Receivership Order. They include the power to take and maintain possession and control of the assets, undertakings and property of the Company; the power to manage, operate and carry on the business of the Company; and the power to market and sell the assets of the Company.

#### **Possession and Control**

8. The Company operated from several locations. The Company's main retail location was located at #10, 4623 Bow Trail SW in Calgary (the "Bow Trail Location"). The Company's main business office and warehouse was located at Bay #4, 6130 – 4<sup>th</sup> Street SE in Calgary (the "Calgary Warehouse").
9. The Company also had retail locations in Canmore, Alberta (the "Canmore Location") as well in Invermere and Cranbrook in British Columbia (the "Invermere Location" and "Cranbrook Location", respectively). There was limited inventory held at each of these locations.
10. The Receiver has taken the following steps to take possession of, maintain control of, preserve and/or protect the Company's assets:
  - a. Retained a locksmith to change the locks at the Calgary Warehouse and the Cranbrook Warehouse;
  - b. Conducted documented inventory counts and reviews at the Calgary Warehouse, the Canmore Location, the Invermere Location and the Cranbrook Location;

- c. Met with the employees and enquired as to the whereabouts of any assets of the Company;
  - d. Contacted the landlords of each of the locations and notified them of the receivership and explained that the assets in each of the locations are the property of the Company, which was under the control of the Receiver;
  - e. Posted notices of the receivership at each location;
  - f. Arranged to have the Company's mail forwarded to the Receiver's office; and
  - g. Arranged to maintain the insurance coverage over the Company's assets.
11. The Company staff had been terminated by management prior to the Date of Receivership. However, the Receiver was aware that certain former employees would be helpful in collecting receivables and collecting assets and accordingly, the Receiver retained certain former employees on a contract basis to assist in specific actions related to asset realizations.

## **ASSETS**

### **Cash**

12. The Company had an operating bank account at the Bank of Montreal, but it was in an overdraft position at the Date of Receivership and accordingly, no funds were remitted to the Receiver.

### **Accounts Receivable**

13. At the Date of Receivership, the Receiver obtained a copy of the Company's accounts receivable sub-ledger which indicated that approximately \$302,000 was owing to the Company from various parties.
14. The Receiver was advised by John Fitzsimmons, the Company's director, that he believed that the amount was substantially collectible. Working with the former employees and through a contracted former staff member of the Company, the Receiver took steps to pursue collection of the balances owing to the Company. The Receiver collected accounts receivable

totalling approximately \$52,500, and assessed that the balance was uncollectible from a cost-benefit analysis.

15. With the approval of the CRA (the primary economic stakeholder), the Receiver sold the uncollected accounts receivable to a third party named Cochrane Holdings Ltd.

### **Prepaid Expenses**

16. At the date of the Receivership Order, the Receiver reviewed the components of the prepaid expense account. This account was comprised of prepaid insurance, as well as security deposits for rental agreement on several of the rented locations.
17. The Receiver maintained the existing insurance coverage and was required to continue to pay the ongoing monthly insurance obligation as long as such insurance was required. Upon cancellation of the various vehicle and comprehensive insurance policies, the Receiver collected \$8,706 in refunded insurance premiums.

### **Carpet Inventory**

18. At the outset of the receivership, the Receiver inquired as to the status of the contents and inventory at the Bow Trail Location, and were informed by John Fitzsimmons that there was nothing of value remaining at this location. The Receiver attended to the Bow Trail Location in August 2016 with an auctioneer and it was determined that there were no assets of any value, as the majority of items in the location were carpet and flooring displays that were owned by other parties.
19. Subsequent to the Receiver's appointment, John Fitzsimmons informed the Receiver that prior to July 31, 2016 he removed the carpet inventory (specifically area rugs) from the Bow Trail Location as he was aware that the Company would be unable to pay their August rent at this location. After the Receiver's appointment, John Fitzsimmons delivered these area rugs to the Calgary Warehouse. The Receiver is unable to confirm or deny whether we received all of the area rugs and items of value that the Receiver understands were removed from the

Bow Trail Location prior to the end of July 2016.

20. The Calgary Warehouse housed several offices and an adjacent warehouse which contained numerous carpet and flooring displays, as well as numerous rolls of carpet and other types of flooring products. The Canmore Location, Invermere Location and Cranbrook Location each had similar layouts, with various quantities of displays and limited amounts of actual saleable carpet and flooring inventory. The Receiver attended to each location on the Date of the Receivership and documented inventory quantities at each location.

### **Property and Equipment**

21. The Company owned several vehicles and forklifts, and this equipment was held primarily at the Calgary Warehouse but also at the Invermere Location.
22. During the early days of the receivership, and upon review of the insurance listing of the insured vehicles, the Receiver learned that certain vehicles were not secured at any of the Company's locations. Upon discussions with John Fitzsimmons, the Receiver learned that certain of the vehicles were secured at his house, and these vehicles were subsequently returned to the Calgary Warehouse.
23. The Cranbrook Location, Invermere Location and the Calgary Warehouse had forklifts that were used in the warehouses, which were owned by the Company. These forklifts were secured by the Receiver.
24. In addition, in each location there were various desks, computers and monitors.

### **STATUTORY CLAIMS**

25. Within the first week of the receivership process, the Receiver located and identified records relating to the estimated balances owing to the Canada Revenue Agency ("CRA") for unremitted payroll source deductions and GST. Upon identifying these records, the Receiver contacted the CRA and on August 18, 2016 submitted a request for an Administrative Agreement between the Receiver and the CRA, as there were concerns about the value of the

Company assets at the Date of Receivership as compared to the statutory claim owing to the CRA. On August 30, 2016 the CRA agreed to the Administrative Agreement with the Receiver and allowed the reasonable fees and expenses as requested by the Receiver, up to \$100,000.00 plus GST, which was the amount requested by the Receiver. A copy of this letter is attached as **Appendix B**.

26. As the Receiver continued to gather information about the receivership and the assets, the state of the Company's records and the occupation rent at each location, it became apparent that the initial estimate of \$100,000 plus GST for fees and expenses of the Receiver was insufficient. Accordingly, by letter dated October 21, 2016, a copy of which is attached as **Appendix C**, the Receiver requested an amendment to the Administrative Agreement, and an increase in the allowed reasonable fees and expenses of the Receiver from \$100,000 plus GST to \$190,000 plus GST.

27. Following this letter being sent and received by CRA, the Receiver continued to have ongoing discussions with a representative of the CRA and provided monthly written updates to the CRA as required by the terms of the Administrative Agreement. Furthermore, the Receiver took direction from the CRA as to appropriate courses of action related to the disposal of assets.

28. During this time, the CRA also requested to review the monthly invoices and time summaries of the Receiver, which information was provided to the CRA. By letter dated June 29, 2017 the CRA rejected the Receiver's request for the fees and expenses of the Receiver of up to \$190,000 plus GST to be covered, but provided that an increase from \$100,000 plus GST to \$175,000 plus GST (the "Administrative Agreement") was acceptable. A copy of this letter is attached as **Appendix D**.

29. On September 1, 2016 a representative of the CRA attended to the Receiver's office to conduct payroll and GST trust examinations. By letter dated October 11, 2016 the Receiver was notified that the CRA was owed \$209,039.63 for the unremitted source deductions, of



which \$146,051.35 was deemed to be held by the Company as trust funds and formed no part of the assets of the Company.

30. Once it was determined that the CRA was the only party that would receive any proceeds from the realizations from the disposal of the Company assets, the Receiver maintained an open and active discussion with the CRA, and took direction from the CRA as to courses of action to be taken, including the sale and disposal of assets, collection of receivables, etc.

## **SALES PROCESS**

31. Paragraph 4(m)(i) of the Receivership Order empowers and authorizes the Receiver to sell, convey, transfer, lease or assign the Property (as defined in the Receivership Order) or any part or parts thereof out of the ordinary course of business with Court approval required for any sale transactions exceeding \$25,000 or where the aggregate consideration for all sales transactions exceeds \$100,000.
32. As noted above, following the Receivership Order being granted, the Receiver sought and entered into the Administrative Agreement with the CRA, and thereafter discussed options for the disposal of assets with the CRA.
33. During the preliminary days following the Receivership Order being granted, the Receiver worked with John Fitzsimmons to identify companies and/or individuals who may have an interest in some or all of the Company's assets. The Receiver spoke with several flooring companies within Calgary and the surrounding area and toured several of these parties through the various locations, but ultimately there was only a reasonable offer received for the assets situated in one location, in an en-bloc offer, as noted further below.

### **Canmore Location**

34. Upon arriving at the Canmore Location on the Date of Receivership, the Receiver was made aware that the landlord at this location had terminated the lease prior to the receivership due to non-payment of rent. Following discussions with its counsel, the Receiver understood that

it had no power to force the landlord to allow the Receiver to occupy. The Receiver was subsequently contacted by a local Canmore company that was interested in purchasing all of the assets within the Canmore Location. The Receiver contacted a local auction company and showed pictures and details of the assets within the Canmore Location to this company in order to consider the offer and ultimately, it was accepted by the Receiver. One of the key considerations in accepting such offer was the landlord's threat to remove all assets from the location within a few days of the Date of Receivership in order for them to re-lease the space.

#### **Bow Trail Location**

35. Prior to being appointed, the Receiver noted on the Personal Property Registry that the landlord of the Bow Trail Location had seized the property within this location on August 3, 2016 and released it to the Company under a bailiff's undertaking, due to the non-payment of rent as of August 1, 2016.

36. As previously noted, early in the receivership it was determined that there were no assets of value within the Bow Trail Location. This was confirmed during discussions with John Fitzsimmons as well as with a local appraiser that the Receiver spoke with.

37. After consideration of the occupation rent that would need to be incurred to occupy the Bow Trail Location and remove any remaining items of value, it was determined by the Receiver that it should abandon this location and not occupy the space.

#### **Calgary Warehouse, Cranbrook and Invermere Locations**

38. The Receiver contacted several companies both within Calgary and in other locations, to gauge interest in the assets within each of these three locations. Certain of the introductions to potential interested parties came from John Fitzsimmons and the Receiver provided various parties with access to pictures and inventory lists, but ultimately, the only offers received were only for specific pieces of equipment or inventory.

39. In anticipation of needing to assess offers for the remaining assets, the Receiver contacted several parties to provide an appraisal of the Company's assets at these remaining locations.

Pursuant to discussions with CRA, in September 2016 the Receiver retained Reid's Auction Canada Inc. ("Reid's") to conduct an appraisal of the assets of the Company, and they arrived a market value of \$75,000 for the remaining inventory.

40. The Receiver also requested offers on an en-bloc basis, but none were received.
41. The Receiver also requested auction proposals and only one proposal came back with a net minimum guarantee, which was from Reid's. The net minimum guarantee amount was below the market value assessed by Reid's, and was below the threshold set out in the Receivership Order issued by this Honourable Court, and after direction from CRA, the proposal from Reid's was accepted. This proposal resulted in auctions being held in the Invermere Location and the Cranbrook Location, and a subsequent liquidation sale being held at the Calgary Warehouse, which resulted in the sale of the flooring inventory, parts and forklifts that were at each location.
42. As shown in the attached Statement of Receipts and Disbursements shown in **Appendix E**, the auction proceeds, net of commissions, of over \$91,000 exceeded the market value and net minimum guarantee noted by Reid's.

### **Vehicles**

43. In addition to the flooring inventory, parts and forklifts that were sold in the Reid's auctions noted above, Fitz owned several vehicles and delivery trucks.
44. Prior to the Receivership Order, Fitz had returned four leased vehicles to the lessor, Jim Pattison Leasing. Following its appointment, the Receiver notified Jim Pattison Leasing of the receivership and issued instructions that upon the sale of these four vehicles, any net proceeds above the secured charge of Jim Pattison Leasing would be payable to the Receiver. The Receiver collected a payment of approximately \$37,800 from Jim Pattison Leasing as a result of the sale of these vehicles.
45. There were other four other vehicles that were either at or returned to the Calgary Warehouse and Invermere Location after the commencement of the receivership. At the direction of the

CRA, these four vehicles were transported to Regal Auctions in Calgary and were subsequently sold, resulting in net proceeds of approximately \$17,500.

46. Through a review of Fitz's insurance policy, the Receiver became aware that a Kenworth truck (the "Truck") had been given to a former Fitz contractor prior to the Date of Receivership, in satisfaction of a debt owed by Fitz to the contractor. Following discussions with the CRA, Cassels sent a letter to the contractor, demanding the return of the Truck on the basis that it was a fraudulent preference. Following these demands and discussions with the contractor, and with John Fitzsimmons, the Receiver was informed that the Truck had been delivered to a Kenworth dealership in Calgary, located very close to the Calgary Warehouse. The Receiver contacted the Kenworth dealership and sought an offer on the Truck from Kenworth, but further to discussions with the CRA, it was decided that the Truck should be sold by auction. The Receiver retained Canadian Public Auction to sell the Truck, and received net proceeds of approximately \$26,000.

#### **Other Items**

47. A limited collection of the books and records of Fitz are in the possession of the Receiver and will be retained.
48. The Receiver has completed all aspects of the administration of the receivership and is not aware of any other purpose for which it is required. Accordingly, the Receiver is of the opinion that it is appropriate to be discharged from its mandate.

#### **CREDITOR CLAIMS**

49. As at the date of the receivership, the Bank of Montreal was owed \$495,469.17.
50. The CRA's deemed trust claim of \$146,051.35 for deducted and unremitted source deductions ranks ahead of the Bank of Montreal secured debt.
51. At the date of the receivership, there were outstanding employee claims for wages, commissions, vacation and termination pay owing by the Company. Pursuant to the Wage

Earners Protection Program Act (“WEPPA”), Human Resources and Skills Development Canada will have a priority claim over the current assets of the Company for any qualifying employee claims up to a maximum of \$2,000 per employee. This priority claim is currently estimated at approximately \$32,000 and ranks behind the CRA Deemed Trust Claim.

52. Based on the books and records of the Company, as at the Date of Receivership, the Company had unsecured creditors of approximately \$1.041 million. The Receiver has not undertaken a claims process to confirm the amount of unsecured creditor claims. As noted further below, there are insufficient funds to fully pay CRA’s deemed trust claim and accordingly, there will be no distribution to the Company’s secured or unsecured creditors.

## RECEIVER BORROWINGS

53. The Receivership Order authorized the Receiver to borrow up to \$125,000 in funds for the purpose of funding the exercise of the powers and duties conferred upon the Receiver, including interim expenditures. The Receiver did not borrow any funds during the Receivership.

## PROFESSIONAL FEES

54. Professional fees and disbursements charged by the Receiver and its legal counsel in relation to the administration of the receivership totals approximately \$103,000 (excluding GST), including the estimated remaining billings to completion of \$5,000. This amount does not include the Receiver’s fees that have been incurred since May 1, 2017 as discussed further below. These amounts are summarized in the Receiver’s Final Statement of Receipts and Disbursements (“SRD”) which is attached as “**Appendix E**”. The Receiver’s counsel will bring detailed copies of the accounts of the Receiver and those of its counsel to the hearing of this application, should this Honourable Court wish to inspect such accounts.
55. However, as noted previously, in spite of the Receiver taking direction from the CRA and

providing all required updates, the CRA by letter dated June 29, 2017 refused to allow some of the Receiver's fees to be paid, even though the request for this fee allowance was requested in October 2016. The Receiver estimates that it may need to write off, as uncollectible, a portion of its fees.

56. However, as outlined in Paragraph 13 of the Receivership Order, attached as Appendix A, this Honourable Court has ordered that 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, incurred both before and after the making of this Order in respect of those 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."

57. In the opinion of the Receiver, the services rendered in respect of these fees and disbursements have been duly rendered in response to the required and necessary duties of the Receiver, and are reasonable in the circumstances.

## FINAL STATEMENT OF RECEIPTS AND DISBURSEMENTS

58. The actual receipts and disbursements of the Receiver up to and including January 12, 2018 are summarized in the SRD shown in Appendix E to this First and Final Report.

59. The estimated remaining unpaid disbursements (the "Remaining Unpaid Disbursements") included in the SRD are as follows:

- a. \$5,000 (excluding GST) for estimated remaining legal fees for Cassels to complete the administration.

60. While CRA is refusing to allow the payment of the entire amount of the incurred Receiver's fees, the Receiver will be paying the remaining legal fees of Cassels, which are estimated to be \$5,000 (excluding GST), and the balance of the remaining funds on hand, recognizing the capped amount of \$175,000 plus GST set by the CRA, will be paid to the Receiver for its

unpaid fees, which will most likely result in the Receiver being required to write off a portion of its fees that have been incurred. Following the payment of the fees of Cassels and possibly to the Receiver, it is anticipated that approximately \$61,500 will remain in the Receiver's trust account (the "Remaining Funds").

61. Recognizing that the CRA has a statutory claim in excess of \$145,000 for unremitted source deductions, the Remaining Funds will be paid to the CRA.

62. There will be no distributions to any secured or unsecured creditors.

## RECEIVER'S DISCHARGE

63. The Receiver proposes that the Court approve the Receiver's discharge, subject to the Receiver filing a certificate (the "Discharge Certificate") with this Court, substantially in the form attached as "**Appendix F**" to this First and Final Report, certifying that:

- a. All distributions set out in the Receiver's First and Final Report have been completed; and
- b. All other material matters in the administration of the Company's estate have been completed.

## APPROVAL SOUGHT

64. As a result of the information outlined in this First Report, the Receiver respectfully requests the following:

- a. Approval of the Receiver's reported actions to date in respect of administering these receivership proceedings;
- b. Approval of the accounts of the Receiver and Cassels;
- c. Approval of the disbursement of funds; and
- d. The discharge of the Receiver.

**HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**

In its capacity as Court-Appointed Receiver and Manager of  
Fitz Flooring Ltd., and not in its personal capacity



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Stefan DuChene, CPA, CA, CIRP  
Senior Vice-President



## Appendix A

Clerk's stamp:



COURT FILE NUMBER

1601-10546

COURT OF QUEEN'S BENCH OF  
ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

BANK OF MONTREAL

DEFENDANTS

FITZ FLOORING LTD., JOHN  
FITZSIMMONS, AND CAROL  
FITZSIMMONS

DOCUMENT

Receivership Order

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF PARTY  
FILING THIS DOCUMENT

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I hereby certify this to be a true copy of  
the original only day of Aug, 2016  
Dated this 12 day of Aug, 2016  
for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: August 12, 2016

NAME OF JUDGE WHO MADE THIS ORDER: The Honourable Madam Justice  
Dario

LOCATION OF HEARING: Calgary Courts Centre  
Calgary, AB

UPON the application of the Bank of Montreal in respect of Fitz Flooring Ltd. (the "Debtor"); AND UPON having read the Application, the Affidavit of Trevor Bauer; AND UPON reading the consent of Hudson & Company Insolvency Trustees Ltd. to act as receiver and manager ("Receiver") of the Debtor, filed; AND UPON hearing counsel for the Bank of Montreal, and counsel for the Respondent; 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.
2. Pursuant to section 243(1.1)(b) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "BIA"), the Court considers it appropriate to appoint a receiver before the expiry of the period referenced in section 243(1.1).

## **APPOINTMENT**

3. Pursuant to section 243(1) of the BIA Hudson & Company Insolvency Trustees Ltd. 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**

4. 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 assign the Debtor into bankruptcy, to become the trustee in bankruptcy of the Debtor and to take all steps reasonably required to carry out its role as trustee in bankruptcy of the Debtor should the Receiver deem it appropriate in the circumstances to do so;
- (h) to settle, extend or compromise any indebtedness owing to or by the Debtor;
- (i) 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;
- (j) to undertake environmental or workers' health and safety assessments of the Property and operations of the Debtor;
- (k) 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.

- (l) 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.
- (m) 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 \$25,000.00, provided that the aggregate consideration for all such transactions does not exceed \$100,000.00; 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.
- (n) 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;
- (o) 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;
- (p) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (q) 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;
- (r) 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;

- (s) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have;
- (t) 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**

- 5. (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 dependant on maintaining possession) to the Receiver upon the Receiver's request.
- 6. 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.

7. 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**

8. 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**

9. 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**

10. 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**

11. 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**

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

#### **RECEIVER TO HOLD FUNDS**

13. 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**

14. 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").
15. 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 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**

16. (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**

17. 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

18. 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, 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.
19. The Receiver and its legal counsel shall pass their accounts from time to time.
20. 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

21. 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 \$ 125,000.00 (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.

22. 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.
23. 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.
24. 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**

25. 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**

26. The Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
27. 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.
28. Nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

29. 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.
30. 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.
31. 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.
32. 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.

#### **FILING**

33. The Receiver shall establish and maintain a website in respect of these proceedings at [www.bankruptcycalgary.com](http://www.bankruptcycalgary.com) 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.

"C. Dario"

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Justice of the Court of Queen's Bench of Alberta

## SCHEDULE "A"

### RECEIVER CERTIFICATE

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

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

1. THIS IS TO CERTIFY that Hudson & Company Insolvency Trustees Ltd., the interim receiver and receiver and manager (the "Receiver") of all of the assets, undertakings and properties of Fitz Flooring Ltd. appointed by Order of the Court of Queen's Bench of Alberta (the "Court") dated the 12th day of August, 2016 (the "Order") made in action numbers \_\_\_\_\_, 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 Bank of \_\_\_\_\_ 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 \_\_\_\_\_.
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\_\_.

Hudson & Company Insolvency Trustees Ltd.  
solely in its capacity as Receiver of the  
Property (as defined in the Order), and not in  
its personal capacity

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

## Appendix B



Canada Revenue Agency  
Agence du revenu  
du Canada

Tax Centre  
Calgary AB T2G 0L1

August 30, 2016

ATTENTION: STEFAN DUCHENE  
HUDSON & COMPANY INSOLVENCY TRUSTEES INC  
#200, 625-11 AVENUE SW  
CALGARY AB T2R 0E1

Account Number  
83818 9660 RP0001

Dear Sir:

Re: The receivership of FITZ FLOORING LTD.  
Date of receivership: August 12, 2016

Thank you for your request of August 18, 2016, asking for the Crown's consent to permit that reasonable fees and expenses associated with the receivership of FITZ FLOORING LTD. be paid ahead of the Crown's priority claim.

After reviewing the information you provided in your request, we are writing to inform you that we agree to allow the reasonable fees and expenses you requested, up to \$100,000.00 plus GST, as quoted in your request.

The allowance for these fees and expenses is based on the information you provided. Any changes that occur in the costs relating directly to the realization of assets being administered by the Receiver that may result in fees and costs in excess of the amounts noted above must be brought to the attention of the Canada Revenue Agency (CRA) before such costs are incurred. In these circumstances, we require that you submit a new request for our review that details the changes involved and provides the additional information prescribed as well as the revised estimates of fees and costs, including fees and costs of realization per asset/category of assets. Failure to obtain a revised agreement may result in the CRA limiting the allowance to the amount given above.

This agreement is contingent on compliance with the duties and obligations set out in the CRA's policy on Administrative Agreements with Receivers.

As a result of this agreement, we require that you send progress reports every 30 days following the date of this approval. In

.../2

Canada

National Insolvency Office  
Harry Hays Building 330  
220 4 Ave SE  
Calgary AB T2G 0L1

Local: 403-231-4063  
Toll Free: 1-866-538-0107  
Fax: 403-292-5699  
Web site: www.cra.gc.ca

- 2 - Acct No: 83818 9660 RP0001

addition, please report any material change or anticipated cost over-run to the CRA immediately so that we can review and consider changes to this agreement.

If you have any questions or need additional information, please contact the undersigned.

Yours truly,



S. Kowalewski (1224)  
Collections Officer

## Appendix C



Our File: 06312

October 21, 2016

*Delivered Via Facsimile 403.292.5699*

Canada Revenue Agency  
Regional Intake Center for Insolvency  
9700 Jasper Avenue  
Edmonton, Alberta T5J 4C8

Attn: Mike Pollock;

**Re: Fitz Flooring Ltd. ("Fitz" or the "Company")**  
**Business Number: 83818 9660 Court No.: 1601-10546**

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By letter dated August 18, 2016 as Court-appointed Receiver and Manager of Fitz Flooring Ltd., we requested an Administrative Agreement with the Canada Revenue Agency. By letter dated August 30, 2016, the Crown consented to such an Administrative Agreement, allowing the reasonable fees and expenses of up to \$100,000 plus GST, as quoted in our request.

Since that time, the Receiver has been actively seeking to realize on the assets of Fitz. This has involved retaining Reid's Auction to sell the inventory and equipment of Fitz and working to collect the accounts receivable that were outstanding and owing to Fitz at the date of the receivership.

In the letter dated August 18, 2016 the Receiver estimated fees and costs of \$100,000 plus GST. However, from our revised estimates the fees and costs are estimated to be significantly higher. We are attaching a rough estimate of the fees and costs incurred to date as well as the estimated costs to complete the receivership work, and we are seeking the Crown's approval to and consent to allow reasonable fees and expenses of up to \$190,000 in priority to the Crown's priority claim.

Please contact the undersigned at (403) 213-5406 or my colleague Stefan DuChene at (403) 984-9553 if you have any questions with respect to this request.

Yours truly,

**HUDSON & COMPANY INSOLVENCY TRUSTEES INC.**

In its capacity as Court Appointed Receiver and Manager of  
Fitz Flooring Ltd., and not in its personal capacity

**Bruce Hudson, CPA, CA, CIRP, Licensed Insolvency Trustee**  
**President**

Enclosure

## In the Matter of the Receivership of Fitz Flooring Ltd.

	Estimated costs to date	Estimated costs to close	Total
<u>Trustee Fees</u>			
Costs to September 30, 2016	\$ 67,000	\$ 25,000	\$ 92,000
Legal fees	4,100	20,000	24,100
<u>Rent</u>			
Calgary warehouse - rent to Sept 30/16	16,500	11,000	27,500
Invermere - rent to Sept 30/16	9,500	3,400	12,900
Cranbrook - rent to Sept 30/16	7,100	2,500	9,600
<u>Other costs</u>			
Filing fee (OR)	70		70
Insurance - to Sept 30/16	5,200	3,200	8,400
Consultants	4,600		4,600
Appraisal	2,500		2,500
Stock taking and possession	1,500		1,500
Utilities - just for Aug BC	900	3,000	3,900
Search fees	290		290
Ascend License fee	275		275
Postage	85		85
Total - to date	<u>\$ 119,620</u>	<u>\$ 68,100</u>	<u>\$ 187,720</u>

## Appendix D





Canada Revenue  
Agency

Agence du revenu  
du Canada

Tax Centre  
Calgary AB T2G 0L1

June 29, 2017

ATTENTION:STEPHAN DUCHENE  
FITZ FLOORING LTD.  
C/O HUDSON & COMPANY TRUSTEES  
200 - 625 11 AVE SW  
CALGARY AB T2R 0E1

Account Number  
83818 9660 RP0001

Dear Sir:

JUN 30 2017

06312

Re: The receivership of FITZ FLOORING LTD.  
Date of receivership: August 12, 2016

Thank you for your request of October 21, 2016, asking for the Crown's consent to permit that reasonable fees and expenses associated with the receivership of FITZ FLOORING LTD. be paid ahead of the Crown's priority claim.

After reviewing the information you provided in your amended request, we are writing to inform you that we agree to allow reasonable fees and expenses up to \$175,000.00 plus GST. This amount is less than the \$190,000.00 requested. We have reviewed the detailed statement of accounts that were provided and feel that the approved amount more accurately reflects reasonable fees for the work provided.

If you have any questions or need additional information, please contact Neeshila Virani at 587-475-3354.

Yours truly,

Raj Patel (1224)  
Team Leader, Revenue Collections  
Southern Alberta Tax Services Office

Canada

National Insolvency Office  
Harry Hays Building  
220 4 Ave SE  
Calgary AB T2G 0L1

Local : 587-475-3352  
Toll Free : 1-866-925-2567  
Fax : 403-292-5699  
Web site : www.cra.gc.ca

## Appendix E

**IN THE MATTER OF THE RECEIVERSHIP OF  
FITZ FLOORING LTD.  
Hudson & Company Insolvency Trustees Inc., Receiver  
Statement of Receipts and Disbursements  
For the period of August 12, 2016 to January 12, 2018**

**Receipts**

	<b>Totals</b>
Sale of assets, net of commissions	\$ 91,933.13
Motor vehicle sales	81,385.15
Collection of pre-receivership accounts receivable	52,479.10
Refunds	16,214.52
GST Collected	2,894.86
Cash on Hand	917.80
Interest	103.62
<b>Total Receipts</b>	<b>\$ 245,928.18</b>

**Disbursements**

Receiver's Fees	\$ 90,578.50
Occupation rent - Calgary warehouse	25,477.59
Legal Fees	12,751.56
Occupation rent - Invermere store	12,734.65
Occupation rent - Cranbrook store	9,371.32
Insurance	8,442.57
Contract services	4,942.12
Auctioneer expenses	3,500.00
Appraisal fees	2,500.00
Utilities	1,797.35
Stock taking and possession	1,320.28
IT system charges - wiping computer to sell them	570.00
Search Fees	287.00
IT system charges - Ascend license fee	275.00
Changing of locks	218.74
Postage	85.45
Filing Fees Paid to Official Receiver	70.00
PST paid on disbursements	42.98
	<u>174,965.11</u>
GST remitted - RT0002 account	1,170.72
GST Paid on Disbursements	2,824.61
GST on Legal Fees	611.13
GST on Receiver's Fees	4,528.95
	<u>9,135.41</u>
<b>Total Disbursements</b>	<b>\$ 184,100.52</b>
<b>Excess of Receipts over Disbursements/ Remaining Funds on Hand</b>	<b>\$ 61,827.66</b>

**Notes on unpaid costs**

1 Receiver fees for the period from May 1, 2017 to present, plus GST, have not been paid.

## Appendix F

**COURT FILE NO.** 1601-10546  
**COURT** COURT OF QUEEN'S BENCH OF ALBERTA  
**JUDICIAL CENTRE** CALGARY  
**PLAINTIFF** BANK OF MONTREAL  
**DEFENDANT** FITZ FLOORING LTD.  
**DOCUMENT** DISCHARGE CERTIFICATE

**ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT** Hudson & Company Insolvency Trustees Inc.  
200, 625 – 11<sup>th</sup> Avenue SW  
Calgary, Alberta T2R 0E1  
Attn: Stefan DuChene  
  
Telephone / Facsimile: 403-984-9553 / 403-234-8770  
  
Email: [sduchene@hudsoninc.ca](mailto:sduchene@hudsoninc.ca)

The undersigned hereby certifies for the purposes of the Order made on the 23<sup>rd</sup> day of January, 2018 in the matter of the receivership of the assets of Fitz Flooring Ltd., under Court File No. 1601 – 10546 (the “Receivership Proceedings”) that:

- a) All assets have been distributed in accordance with the Receiver's First and Final Report as approved by this Honourable Court; and
- b) All other material administrative matters have been attended to by the Receiver.

The undersigned is now discharged and the Receivership Proceedings are terminated.

Dated at Calgary, Alberta the \_\_\_\_<sup>th</sup> day of \_\_\_\_\_, 2018.

**Hudson & Company Insolvency Trustees Inc.**

\_\_\_\_\_  
Per: Stefan DuChene, CPA, CA, CIRP  
Senior Vice-President