

COURT FILE NUMBER: 1901-04034  
COURT: COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY  
JUDICIAL CENTRE: CALGARY  
PLAINTIFF: ROYAL BANK OF CANADA  
DEFENDANT: **JAEGER ELECTRIC INC., 849751 ALBERTA LTD.,  
HAZA RENTALS INC., STACEY JAEGER and LAURIE  
JAEGER**  
DOCUMENT: RECEIVER'S FIRST REPORT May 27, 2019

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**Appendices**

- Appendix A Notice of Receiver (Form 87)
- Appendix B Redacted Appraisal done by Century Services Inc.
- Appendix C Proposal of Century Services Inc.
- Appendix D Interim Statement of Receipts and Disbursements
- Confidential Appendix 1 Unredacted Appraisal done by Century Services Inc.

## Introduction and Background

### Introduction

1. On March 28, 2019 (the “**Date of Appointment**”), Hudson & Company Insolvency Trustees Inc. was appointed as receiver and manager (the “**Receiver**”) of all of the assets, undertakings and properties (the “**Property**”) of Jaeger Electric Inc. (“**Jaeger**” or the “**Company**”) pursuant to an Order of the Honourable Mr. Justice D.B. Nixon (the “**Receivership Order**”).
2. The Receivership Order authorized the Receiver, among other things, to carry on the business of the Company, to market and solicit offers to purchase the Equipment (as defined below), and to make such arrangements or agreements as deemed necessary by the Receiver.
3. The Receiver’s reports and other public information in respect of these proceedings (the “**Receivership Proceedings**”) are posted on the Receiver’s website at <https://bankruptcycalgary.com/jaeger-electric-inc/> (the “**Receiver’s Website**”).
4. The Purpose of this report (the “**First Report**”) is to provide this Honourable Court and other interested parties with information on:
  - a. the Company, assets and creditors;
  - b. the Receiver’s activities since the Date of Appointment;
  - c. the execution of an auction proposal agreement between the Receiver and Century Services Corp. (“**Century**”) dated May 22, 2019, to realize upon the Equipment (defined below);
  - d. the Receiver’s application for an Auction Approval and Vesting Order; and
  - e. the Receiver’s receipts and disbursements from the March 28, 2019, to May 22, 2019.

### Notice to Reader

5. In preparing this First Report, the Receiver has relied upon unaudited financial information, the Company’s records, financial information and projections and discussions with the Company’s former management and other professional advisors. While the Receiver reviewed

various documents and believes that the information provided herein provides a fair summary of the transactions as reflected in the documents, such work does not constitute an audit or verification of such information for accuracy, completeness or compliance with Generally Accepted Accounting Principles (“GAAP”) or International Financial Reporting Standards (“IFRS”). Accordingly, the Receiver expresses no opinion or other form of assurance with respect to such information except as expressly stated herein.

6. Some of the information used in preparing this First Report consists of financial projections. The Receiver cautions that these projections are based upon assumptions about future events and conditions that are not ascertainable. The actual results may vary from the financial projections, even if the hypothetical and probable assumptions contained therein materialize, and the variations could be significant. The Receiver’s review of the future oriented information used to prepare this First Report did not constitute an audit of such information under GAAP or IFRS.
7. This First Report has been prepared in connection with the Receiver’s Application dated June 3, 2019. This First Report should not be relied on for other purposes.
8. Information and advice described in this First Report that has been provided to the Receiver by its legal counsel, Blake, Cassels & Graydon LLP (the “Receiver’s Counsel”), was provided to assist the Receiver in considering its course of action, is not intended as legal or other advice to, and may not be relied upon by, any other person.
9. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

### Background on Jaeger

10. Jaeger is an Alberta corporation, which was incorporated on January 19, 1979. The directors of the Company are Laurie Jaeger, Stacey Jaeger, Kari Burley, and Deena Badger. The sole shareholder of Jaeger is 849751 Alberta Ltd. (“849”), which is wholly owned by the directors of Jaeger.

11. Jaeger is engaged in the business of providing electrical services to its customers in Alberta. Its core services include electrical installation and maintenance for voice / data, access control systems, public address systems, airfield lighting and street lighting.
12. Jaeger operates from a leased building located at 117 High Plains Place in Rocky View County, just outside the City limits of Calgary. The building is owned by 849.

### **The Receiver's Activities**

13. Since the Date of Appointment, the Receiver's activities have included, among other things:
  - a. attending the Company's office and warehouse location to:
    - i. meet with Stacey Jaeger; and
    - ii. take possession and secure the equipment owned by the Company and its books and records;
  - b. engaging independent legal counsel;
  - c. terminating all remaining employees and attending to the administration of claims pursuant to the *Wage Earner Protection Program Act* (Alberta);
  - d. preparing and sending the statutory Notice and Statement of Receiver to all known creditors of the Company in accordance with the *Bankruptcy and Insolvency Act* (Canada). A copy of the Notice and Statement of Receiver is attached to this First Report as "**Appendix A**"; and
  - e. establishing the Receiver's Website to publicly post the Receivership Order, the Notice and Statement of Receiver and other publicly filed documents relevant to these proceedings, including this First Report.
14. In addition, the Receiver has been working with Jaeger's former bookkeeper to get all outstanding tax returns prepared and filed, to prepare the Records of Employment and T4's for

Jaeger's former employees, complete billings for work in progress, and update the accounts receivable aging report (the “**Aging Report**”) to determine how much is owing to Jaeger.

15. Based on the Aging Report, Jaeger is owed \$652,028.87 in accounts receivable, summarized as follows:
  - a. \$45,021.99 within 30 days;
  - b. \$19,838.31 between 31 to 60 days;
  - c. \$28,292.64 between 61 to 90 days; and
  - d. \$558,875.93 over 91 days.
16. The Receiver sent notices demanding payment for overdue accounts and has collected \$43,308.97 as of the date of this First Report.
17. The Receiver was contacted by Canada Revenue Agency (the “**CRA**”) who requested a trust audit, but nothing has been scheduled by the CRA in this regard to date.
18. A previous audit was completed by the CRA on March 18, 2019, for the periods of January 1, 2018, to February 28, 2019, where the CRA determined that the balance owing by Jaeger to the CRA is \$283,358.15. As of the date of this First Report, the CRA has not filed a claim with the Receiver.

## **The Equipment**

19. At the request of Jaeger's first secured creditor, Royal Bank of Canada (“**RBC**”), a desktop appraisal on certain equipment (the “**Equipment**”) owned by Jaeger was completed by Century on March 15, 2019 (the “**Appraisal**”). A redacted copy of the Appraisal is attached as “**Appendix B**” to this First Report. An un-redacted Appraisal is marked as “**Confidential Appendix 1**” and will be provided to the Court, but is not attached to this First Report due to the commercially sensitive information contained therein.

20. The Equipment consists of 22 items, which include vehicles and other heavy equipment. A list of the Equipment is provided at Schedule "A" to the Appraisal. Other than the outstanding accounts receivable noted above, it is believed the Equipment is the only other major asset of Jaeger.

## Confidential Appendix 1

21. Confidential Appendix 1 contains confidential information of a commercial nature which, if disclosed to third parties prior to the Auction (defined below), could materially jeopardize the value that could be obtained for the Equipment. Accordingly, the Receiver is respectfully of the view that it is appropriate that this Honourable Court grant a sealing order in relation to Confidential Appendix 1.

## The Auction Agreement

22. To determine the liquidation plan for the Equipment, the Receiver contacted Century to provide a proposal as to the process it would take to sell the Equipment.

23. Century provided an asset disposition proposal (the "**Auction Agreement**"), which, the Receiver, in consultation with RBC, accepted. The Auction Agreement is attached to this First Report and marked "**Appendix C**".

24. The Auction Agreement provides:

- a. the Equipment will be sold at the location of Jaeger by way of an unreserved public auction (the "**Auction**");
- b. Century will conduct a sales, marketing and advertising campaign for the Equipment and the Auction, incorporating a variety of advertising and marketing techniques to maximize exposure, market penetration and to reach potential buyers;
- c. the Auction is expected to take place on June 18, 2019; and

- d. Century will charge 7.5% commission on the gross sale price of the Equipment and \$20,000 in expenses to market, prepare and complete the Auction.

### **The Receiver's Recommendations with respect to the Auction Agreement**

25. The Receiver believes that the Auction Agreement should be approved by this Honorable Court for the following reasons:

- a. the Auction Agreement and the Auction provide the most appropriate liquidation plan for the Equipment in the circumstances;
- b. Century is a reputable auctioning firm in Canada, in particular in Alberta, and has knowledge of the Equipment and is likely in the best position to maximize the realization of the Equipment in the circumstances;
- c. all the Equipment will be sold within a reasonable timeframe, in a manner consistent with processes utilized for similar Property in insolvency proceedings;
- d. the commissions and expenses of Century are reasonable;
- e. the acceptance of the Auction Agreement is commercially reasonable and is likely to provide the highest net realization to the estate with the least cost to the estate;
- f. RBC, as the senior secured creditor, is supportive of the Auction Agreement and the Auction contemplated by the Auction Agreement; and
- g. the Receiver acted reasonably, prudently, fairly, and not arbitrarily in its efforts to obtain the proposal and the Receiver is unaware of any concerns having been raised regarding the efficacy or integrity of the Auction Agreement or the Auction.

26. Based on the foregoing, the Receiver is applying to this Honourable Court to approve the Auction Agreement and for the vesting of the Equipment in the name of the purchasers of such Equipment at the Auction.

## **Interim Statement of Receipts and Disbursements**

27. Attached to this Report as “**Appendix D**” is an interim statement of receipts and disbursements detailing the amounts received and disbursed by the Receiver during these Receivership Proceedings, for the period of March 28, 2019, to May 22, 2019.

28. At the date of this First Report, the Receiver holds \$43,114.93 in trust.

## **Recommendations and Intended Course of Action**

29. The Receiver respectfully recommends this Honourable Court approve:

- a. the Receiver’s activities and conduct as outlined in this First Report;
- b. the Auction Agreement and grant the Auction Approval and Vesting Order;
- c. the Receiver’s interim statement of receipts and disbursements from the period of March 28, 2019, to May 22, 2019; and
- d. the sealing of Confidential Appendix 1 on the Court record.

30. Subject to obtaining approval from this Honourable Court to do so, the Receiver intends to:

- a. complete the sale of the remaining Equipment through the Auction;
- b. continue to take steps to collect outstanding and overdue accounts receivables;
- c. attend to the further administration of the estate; and
- d. follow any further advice and directions of this Honourable Court.

**Hudson & Company Insolvency Trustees Inc.**

In its capacity as, Receiver of Jaeger Electric Inc.

and not in its personal or corporate capacity



Jeffrey R. Price, CIRP  
Senior-Vice President