

COURT FILE NUMBER

2103 - 10893

COURT

COURT OF KING'S BENCH OF
ALBERTA

JUDICIAL CENTRE

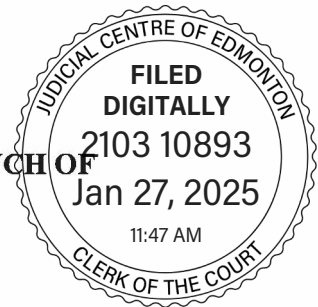
EDMONTON

PLAINTIFF

ROYAL BANK OF CANADA

DEFENDANTS

RBD CONSTRUCTION LTD., CHRISTINE
PRONISHEN, AND DARREN PRONISHEN



DOCUMENT

RECEIVER'S SIXTH REPORT

JANUARY 27, 2025

ADDRESS FOR SERVICE AND
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FILING THIS DOCUMENT

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Introduction

1. Pursuant to a receivership Order (the “**Receivership Order**”) granted by the Court of Queen’s Bench of Alberta (the “**Court**”) on July 20, 2021 (the “**Date of Receivership**”), Hudson & Company Insolvency Trustees Inc. (“**Hudson**”) was appointed as receiver and manager (the “**Receiver**”) of RBD Construction Ltd. (“**RBD**”) on application by Royal Bank of Canada (“**RBC**”). RBC holds a registered security interest over certain of RBD’s assets pursuant to a general security agreement.
2. The Receiver is also aware that the Business Development Bank of Canada (“**BDC**”) holds security over certain of RBD’s assets pursuant to a general security agreement.
3. The Receiver retained Borden Ladner Gervais LLP (“**BLG**”) as its independent legal counsel. Following the retention of BLG, BLG informed the Receiver that they were conflicted in dealing with the collection efforts of the Receiver over a single construction site, and following discussions with RBC, the Receiver retained Parlee McLaws LLP (“**Parlee**”) to act as its counsel with respect to that single project.

Notice to Reader

4. In preparing this report, the Receiver has relied on unaudited financial statements, RBD’s books and 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, or otherwise made any attempt to verify the accuracy or completeness of the information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook. The Receiver assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the use of this Report, or the reproduction, publication or circulation thereof.

Background

5. RBD was a general contractor based out of Edmonton, with numerous construction projects in and around Alberta.
6. The Receiver filed five Interim reports pursuant to Subsection 246(2) of the *Bankruptcy and Insolvency Act*:
 - a. the first interim report (the “**First Interim Report**”) dated January 19, 2022;
 - b. the second interim report (the “**Second Interim Report**”) dated July 19, 2022;
 - c. the third interim report (the “**Third Interim Report**”) dated January 9, 2023;
 - d. the fourth interim report (the “**Fourth Interim Report**”) dated June 30, 2023; and
 - e. the fifth interim report (the “**Fifth Interim Report**”) dated January 31, 2024.
7. This report (the “**Sixth Report**”) outlines the activities of the Receiver since the date of the Fifth Interim Report and the remaining matters relevant to the administration of RBD’s estate.
8. The Receiver further respectfully seeks:
 - a. approval of the Receiver’s reported actions, fees and costs, and those of its legal counsel, to date in respect of administering these receivership proceedings;
 - b. approval of a proposed final distribution of proceeds of RBD’s estate; and
 - c. an order discharging the Receiver upon completion of its administration of RBD’s estate.

Receivership Activities

9. At the Date of the Receivership, the Receiver held discussions with multiple auctioneer companies to submit proposals regarding the liquidation of the various inventory and equipment owned by RBD. Auction proposals were submitted by GD Auctions & Appraisals, McDougall Auctioneers, and Reid’s Auction. Following an analysis of the proposals and discussions with RBC, the Receiver elected to use GD Auctions & Appraisals to auction the inventory and equipment held in RBD’s shop and yard located at

190 Carleton Drive Unit 115, St Albert, Alberta. GD Auctions & Appraisals conducted an on-site auction and net proceeds of \$113,144.34 were paid to the estate.

10. At the Date of Receivership, there was equipment within RBD's premises that had been ordered specifically for one of RBD's work sites. Following its appointment, the Receiver contacted the owner of the specific work site and, after consultation with GD Auctions & Appraisal and RBC, negotiated a sale of the equipment resulting in net proceeds of \$15,000 to the estate.
11. RBD's computer equipment was sold, and an investment held jointly by RBD and a related company, Rain By Design, was sold with net proceeds received into the estate.
12. At the Date of Receivership, RBD was leasing several trucks. Following an analysis of the remaining lease cost as compared to the realizable value to the estate, several trucks were surrendered to the respective leasing companies. Following the surrender, two vehicles remained, a 2016 Ford F550 and a 2018 Ford F150.
13. The Receiver learned that the Ford F550 was registered to the related company, Rain By Design, but that the leasing costs and insurance had been paid for by RBD. The Receiver took the position that the vehicle belonged to RBD. As a result it was sold by Kaster Auction for approximately \$38,000 with the remaining lease and associated direct costs of approximately \$9,500 paid out from the proceeds, leaving a net amount of approximately \$28,500 in the estate.
14. The 2018 Ford F150 was being leased by RBD through Driving Force. This vehicle was sold for net proceeds of approximately \$11,800, after storage costs and lease-payout costs.

RBD's Projects

15. As noted above, RBD's main operating activity was as general contractor on various construction projects in Alberta. At the Date of Receivership, RBD had several ongoing projects, specifically referred to as:

- a. Erinn Ridge;
- b. Heritage Daycare;
- c. KDM;
- d. Windsor Park; and
- e. Crowsnest Pass.

Each of these projects will be summarized separately below.

16. Erinn Ridge: Prior to the Date of Receivership, RBD personnel had left the construction site and left their work incomplete. The Receiver issued a demand to the owner for the unpaid work but was unsuccessful in collecting any funds towards the outstanding balance owing of approximately \$11,000.
17. Heritage Daycare: the Receiver conducted an analysis of the amount owing to RBD, as compared to the lienable amounts owing to RBD's subtrades that had completed work on the site but were left unpaid. Following this analysis and in consultation with its counsel and RBC, it was determined that a settlement with the property owner was the best course of action. The Receiver collected \$5,000 from the property owner, after which this project was disclaimed by the Receiver.
18. KDM: following discussions with RBD personnel, the Receiver learned that the work at the KDM site was completed and the amount owing to RBD was for the statutorily prescribed holdback. The Receiver demanded that the holdback be paid forthwith to the Receiver. KDM responded to this demand with assertions of uncompleted work and deficiency issues, along with unpaid subcontractors who had begun pursuing KDM for payment. In consultation with its counsel and RBC, this project was disclaimed by the Receiver and no realizations were made into the estate.
19. Windsor Park - the Receiver conducted an analysis of the amount owing to RBD, as compared to the lienable amounts owing to RBD's subtrades that had completed work on the site, but were left unpaid. Following this analysis and in consultation with its counsel

and RBC, it was determined that a settlement with the property owner was the best course of action. The Receiver collected \$7,500 from the property owner, after which this project was disclaimed by the Receiver.

20. Crowsnest Pass – the Receiver conducted an analysis of the amount owing to RBD, as compared to the lienable amounts owing the RBD’s subtrades that had completed work on the site, but were left unpaid. The Receiver issued demands for an amount owing to RBD of approximately \$1,250,000, placed a Builders’ Lien on the Crowsnest Pass site, and subsequently registered a statement of claim against the property owner. The Receiver was informed about legal rights relating to the lienability of the Crowsnest Pass site, as well as claims from the performance bondholder as against the Crowsnest Pass site owner. Many of RBD’s subtrades were claiming through the bond for reimbursement of their unpaid invoices. The Receiver understands that the bonding company undertook collection efforts against the property owner of the Crowsnest Pass site. The property owner informed the Receiver that no payments would be made to RBD for any outstanding amounts. Following this in-depth analysis and in consultation with its counsel and with RBC as secured creditor, it was determined that further legal efforts to collect monies for the estate from this project would most likely be unsuccessful. This project was then disclaimed by the Receiver, with no realizations into the estate.

Statutory Claims

21. The Canada Revenue Agency (“CRA”) conducted a payroll and GST audit in January, 2022.
22. The CRA claimed a deemed trust property claim in the amount of \$18,524.77 for unremitted payroll source deductions, and such amount has been remitted directly to the CRA from the receivership estate.
23. The CRA filed a GST claim of approximately \$87,000 in October, 2022. As summarized

in the Receiver's prior interim reports, no distribution to the CRA towards this claim will be made. The Receiver will provide notice to the CRA of its application seeking approval of its proposed final distribution of the estate funds and the Receiver's discharge.

24. At the Date of Receivership, there were several employees of RBD who were owed wages and vacation pay. The Receiver worked with these employees to file claims pursuant to the *Wage Earner Protection Program Act* ("WEPPA"). WEPPA filed a secured claim pursuant to Section 81.4 of the *Bankruptcy and Insolvency Act* in the receivership and approximately \$4,300 was remitted from the estate to WEPPA.
25. No other statutory claims have been received.

Final Statement of Receipts and Disbursements

26. Over the course of the receivership, the Receiver has collected total receipts of approximately \$196,000, consisting primarily of:
 - a. \$113,144 from auction proceeds, net of auction costs, for the sale of equipment;
 - b. \$40,519 from the sale of two vehicles, net of lease buyout costs;
 - c. \$15,000 from the sale of inventory;
 - d. \$12,500 from the settlement of lien claims;
 - e. \$8,706 of interest collected; and
 - f. \$6,667 from other receipts, including the collection of GST and the sale of other assets.
27. The Receiver made disbursements over the period of approximately \$108,000, consisting primarily of:
 - a. \$79,842 for legal fees paid to BLG and Parlee, collectively, including GST;
 - b. \$18,525 for the payment to CRA for their deemed trust claim for unremitted payroll source deductions;
 - c. \$5,008 for the cost to administer the bankruptcy of RBD;

- d. \$4,293 for payment to the Wage Earner Protection Program Act for their priority claim resulting from pre-receivership amounts owing to staff for wages, vacation, etc.; and
 - e. \$806 for miscellaneous administrative costs.
28. These amounts are summarized specifically in the Receiver's Final Statement of Receipts and Disbursements (the "**Final SRD**"), which is attached hereto, marked as **Appendix "A"**.
29. As of January 24, 2025, the Receiver had approximately \$88,000 in remaining funds on hand.
30. The Receiver's estimated remaining disbursements (the "**Remaining Disbursements**") include:
- a. \$39,632 (including GST) for the Receiver's un-invoiced work in progress from the Date of Receivership to January 24, 2025, including anticipated amounts that will be required to complete the receivership and obtain the Receiver's discharge; and
 - b. \$5,250 (including GST) for the Receiver's legal counsel's anticipated amounts that will be required to complete the receivership and obtain the Receiver's discharge.

Professional Fees

31. Professional fees and disbursements charged by the Receiver in respect of its administration of the receivership total approximately \$39,632 (including GST), including all un-invoiced work in progress and anticipated amounts that will be required to complete the receivership. Professional fees and disbursements charged by the Receiver's legal counsels total approximately \$85,092 (including GST), including all un-invoiced work in progress and anticipated amounts that will be required to complete the receivership.
32. 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 over the duration of the receivership period and are reasonable in the circumstances.

33. Detailed time records supporting the invoices are kept in the offices of the Receiver and its legal counsel and will be made available upon request.

Proposed Distribution

34. After payment of the Remaining Disbursements, the Receiver will have a net surplus of approximately \$43,181 in the estate (the “**Net Funds Remaining**”). The Receiver will not have sufficient funds to pay all creditors’ claims in full. Secured claims against RBD exceed \$1.2 million dollars. The Receiver accordingly has only reviewed those priority claims that are impacted to the extent funds are available and has not reviewed subordinate or unsecured claims. The Receiver proposes the distribution strategy as set out below, and particularly described in the Receiver’s Summary of Proposed Distribution, attached hereto and marked as **Appendix “B”**.

Allocation of Net Funds Remaining

35. As noted above, both RBC and BDC held security over the assets of RBD at the Date of Receivership and as such the Receiver has obtained an independent legal opinion on the validity and enforceability of the security. The Receiver has reviewed the specific security held by each of RBC and BDC respectfully and has taken best efforts to allocate receipts and corresponding costs to match the security held by RBC and BDC.
36. As shown in **Appendix “B”**, the Receiver’s best efforts to allocate receipts and costs resulted in approximately 60.2% of realizations being allocated to RBC and approximately 39.8% being allocated to BDC. Based on this analysis and calculation, the Receiver recommends that the Net Funds Remaining be paid in the following terms:
 - a. \$25,994.45 being paid to RBC towards its secured debt; and
 - b. \$17,186.88 being paid to BDC towards its secured debt.

37. Following these payments, there will be no funds remaining in the estate.
38. The Receiver has discussed this proposed distribution with representatives of both RBC and BDC, and in each case, both parties are in agreement with the above noted proposed distribution of the Net Funds Remaining.
39. On the basis of the forgoing, the Receiver proposes the Court approve the payment of the Net Remaining Funds in accordance with the distribution proposed above.

Receiver's Discharge

40. The Receiver is not aware of any further assets of RBD that have realizable value, and after collecting funds related to unreturned insurance premiums and deposits, distributing same and the funds presently held to creditors, the Receiver's administration of the RBD estate will be complete.
41. After completion of these matters, the Receiver is unaware of any further commercially prudent activities that can be taken in respect of the estate, and in such circumstances the Receiver proposes the Court approve the Receiver's discharge, subject to the Receiver filing a certificate (the "**Discharge Certificate**"), a draft of which is attached as **Appendix "C"** with this Court certifying that:
 - a. All distributions set out in the Receiver's Report have been completed; and
 - b. All other material matters in the administration of the receivership estate have been completed.

Approval Sought

42. As a result of the information outlined in this Sixth and Final Report, the Receiver respectfully requests the following:
 - a. approval of the reported actions and conduct of the Receiver to date in respect of administering these receivership proceedings;
 - b. approval of the Receiver's Final SRD;

- c. approval of the accounts of the Receiver, BLG LLP, and Parlee McLaws LLP inclusive of accrual for the fees and disbursements in connection with the completion of these proceedings, including the costs of this application;
- d. approval of the Receiver's proposed final distribution of Net Funds Remaining;
- e. a declaration that the Receiver has duly and properly completed its duties, responsibilities and obligations;
- f. a discharge and release of the Receiver from any and all further obligations as Receiver and any and all liability in respect of any act done by the Receiver in these receivership proceedings and its conduct as Receiver pursuant to its appointment in accordance with the Receivership Order, or otherwise; and
- g. such further and other relief and directions as counsel may request and this Honourable Court may deem appropriate.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

In its capacity as Court-Appointed Receiver and Manager of
RBD Construction Ltd. and not in its personal capacity



Stefan DuChene, CPA, CA, CIRP
Licensed Insolvency Trustee

Appendix A

**IN THE MATTER OF THE RECEIVERSHIP OF
RBD Construction Ltd.
Hudson & Company Insolvency Trustees Inc., Receiver
Statement of Receipts and Disbursements
For the period of July 20, 2021 to January 24, 2025**

RECEIPTS

Totals

Equipment sale - auction proceeds (net of auction costs)	\$	113,144.34
Sale of 2016 Ford F550, net of lease buyout		28,703.99
Inventory Sale - Emcee Construction		15,000.00
Lien Claims Settled		12,500.00
Sale of 2018 F150, net of lease buyout		11,815.65
Interest		8,706.32
Recovery of shares - (net 1/2 interest)		2,367.30
GST collected		2,300.00
Sale of used computers		2,000.00

TOTAL RECEIPTS

\$ 196,537.60

DISBURSEMENTS

Legal Fees - BLG	\$	47,951.78
Legal Fees - Parlee Law		28,137.22
CRA - Deemed trust payroll claim		18,524.77
Funds transferred to bankruptcy		5,007.82
WEPPA - Priority Payment		4,292.63
GST Paid - Legal Fees		3,753.89
Ascend License Fee		275.00
Streamline IT Solutions (RBD network support)		236.70
Search Fees		194.00
Filing Fees		72.97
GST Paid - Other		27.34

TOTAL DISBURSEMENTS

\$ 108,474.12

Funds on Hand

\$ 88,063.48

EXPECTED DISBURSEMENTS

Receiver fees - March 18, 2021 to close (incl. GST) (Note 1)		39,632.15
Legal fees - estimate (including GST)		5,250.00
Remittance to Secured Creditor - RBC Royal Bank		25,994.45
Remittance to Secured Creditor - Business Development Bank		17,186.88
	\$	88,063.48

NET REMAINING FUNDS AFTER EXPECTED DISBURSEMENTS

\$ -

Appendix B

Appendix C

COURT FILE NUMBER 2103 – 10893
COURT COURT OF KING’S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF ROYAL BANK OF CANADA
RESPONDENTS RBD CONSTRUCTION LTD., CHRISTINE PRONISHEN AND DARREN PRONISHEN

DOCUMENT DISCHARGE CERTIFICATE

DATED:

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

**ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT**

RECEIVER:
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The undersigned hereby certifies for the purposes of the Order made on the ____ day of February 2025 in the matter of the receivership of the assets of RBD Construction Ltd., under Court File No. 2103 – 10893 (the “**Receivership Proceedings**”) that:

- a) All assets have been distributed in accordance with the Receiver's Sixth 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 _____ day of February 2025.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

In its capacity as Court-Appointed Receiver and Manager of
RBD Construction Ltd. and not in its personal capacity

Stefan DuChene, CPA, CA, CIRP
Licensed Insolvency Trustee