

TRUSTEE'S REPORT ON PRELIMINARY ADMINISTRATION

IN THE MATTER OF THE BANKRUPTCY OF

S.E. JOHNSON MANAGEMENT LTD.

BKY 25-2946881

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

S.E. Johnson Management Ltd. (hereinafter referred to as “**SEJ**” or the “**Company**”) filed a voluntary assignment into bankruptcy pursuant to Section 49(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”) on May 23, 2023 with Hudson & Company Insolvency Trustees Inc. appointed as Licensed Insolvency Trustee (“**Trustee**”).

The Company was in the construction industry and last operated from a leased premises located at 4330 122 Avenue SE, Calgary AB.

SECTION A - The Trustee's duties under Section 16(3) of the Bankruptcy and Insolvency Act:

Class I - Stocks and Merchandise:

- The Company's equipment inventory/parts inventory was valued on the Statement of Affairs at \$143,882, which was the accounting value noted on the financial records. Included in the equipment is 11 sea-containers and five portable office trailers. The computer equipment and office furnishings and equipment were each valued at \$1.00 as they are anticipated to provide nominal realizable value. The Trustee has conducted an inventory of the Company's assets.

Class II - Machinery and Equipment:

- At the date of bankruptcy, the Company owned a 2009 Chevrolet, a 2011 Ford F150, a 2012 Ford F150, a 2012 GMC Sierra, a 2012 GMC 3500 (the “**Vehicles**”) shown on the Statement of Affairs at a value of \$10,000, \$11,000, \$14,000, \$15,000, and \$15,000 respectively. These estimated values for the Vehicles were based on the Canadian Used Car (VMR) value. Also owned by SEJ is a 2003 Honda ATV, valued at \$2,000 and a 2014 Honda ATV, valued at \$8,000.
- Upon completion of the inventory, it was determined the Company owns an additional vehicle, a 2003 Ford F150. The vehicle appears to be in poor condition and remains at the SEJ yard.
- The Trustee engaged Regal Auctions (“**Regal**”) to assist with transporting the Vehicles to Regal's yard for storage, insurance, and valuation purposes. It is the Trustee's recommendation to have Regal auction the Vehicles for the benefit of the estate. Regal estimates a total realizable value for the Vehicles are approximately \$42,500

Class III - Buildings and Real Estate:

- The Company did not own buildings or real estate.

Class IV - Books and Records:

- The Trustee took possession of Company records on May 23, 2023.

Class V - Other Assets:

- Accounts receivable was listed on the Statement of Affairs at \$1,767,740.85 and recovery was noted as “doubtful.” It is anticipated that collection of the outstanding accounts receivable may be difficult once unpaid subtrades of SEJ register liens on the various construction projects or file claims with the respective bonding company. To date, the Trustee has issued demand letters for all amounts owing to the Company and has collected no funds.
- At the time of the assignment SEJ remitted the current cash balance of \$493,055.27 to the Trustee. The Trustee has deposited the above noted funds in its trust account.

SECTION B - Conservatory and Protective Measures:

- The Trustee changed the locks on the leased premises on May 23, 2023.
- The Trustee contacted the insurance company that provided coverage to the Company for the contents of the building. The Trustee was informed that the insurance policy was active and that the next payment was due June 17, 2023. After a review of the policy, the Trustee requested coverage for the Vehicles that had been transported to Regal be removed as they will be covered under their insurance policy.
- The alarm company was contacted to ensure that the contact information for any emergency calls was changed to the Trustee.
- As mentioned above, when conducting an inventory the Trustee determined that in addition to the assets held at the SEJ yard space there were assets located at third party construction sites ; Sam Centre, YWSK Sherriff King, and Two Park Central. The sea-container and office trailer located at Sam Centre were transported to the SEJ yard for conservatory measures. Due to the nature of the assets held at both the YWSK Sherriff King and Two Park Central sites the Trustee gauged interest from the respective general contractors for bids on the equipment/materials, as the costs associated with transporting the assets were expected to exceed realizations. Both general contractors have submitted bids.

SECTION C – Legal Proceedings:

- None that the Trustee is aware of at this time.

SECTION D – Provable Claims:

- At the time of preparing this report, there have been several unsecured claims filed in the bankruptcy proceedings. A details claims registered is attached to this report as Exhibit “A.”

SECTION E – Secured Claims:

- Based on the Trustee’s review of the Company’s Personal Property Registry (“PPR”), it appears that First Calgary Financial is the first ranking secured creditor with general security over the assets of the Company. However, the Trustee was advised that there was no balance owing to First Calgary and has confirmed this information to be correct.
- Upon further review of the of the Company’s PPR, it appears that SEJ was leasing a 2021 Ford F150 that was transferred to a director of SEJ prior to the assignment. The vehicle appears to have been subject to a valid purchase money security interest.
- Intact insurance, who is the bonding company on two of SEJ’s projects, has also registered a security interest. In conversations with Intact, it appears the security is enforceable against the accounts receivable related to the specific projects, along with all tools, plant, equipment, materials and work in progress, to be used for the completion of the two projects.
- Subsequent to the filing of the assignment the Trustee was informed that there may be a claim related to amounts owing for prescribed pensions plans. Upon receipt of a fully complete proof of claim the Trustee will review to determine if the claim falls under Section 81.5 of the BIA. The security interest of a claim pursuant to Section 81.5 ranks in priority to every other claims, excluding right rights under Section 81.1, 81.2, 81.3, 81.4 and 67(3).

SECTION F – Priority Claims:

- The Company operated from a leased premises, the building of which is owned by a related company, MBT Properties Inc. The Trustee was advised that the Company was current in rent and paid up to May, 2023.

SECTION G - Reviewable Transactions and Preference Payments:

- As noted above, SEJ was leasing a 2021 Ford F150 that was transferred to one of the directors, Bruce Thorlakson. The Trustee has investigated the transfer and based on a preliminary review has determined there was no equitable value lost from the estate.

SECTION H - Other Matters:

- At the filing of the assignment SEJ was informally subletting an office to a third -party. The Trustee was informed by both the individual and SEJ director that the office furniture in the space was not owned by the Company but was brought in by the third party. A property claim was submitted and the Trustee released the office furniture to the individual upon them vacating the space.

SECTION I – Realization:

- The Trustee has contacted several auctions companies and asked that auction proposals be submitted for review and consideration by the Trustee and the creditors.
- At the date of this report it is difficult for the Trustee to estimate realizations for the

creditors, given the unknown collectability of the outstanding accounts receivable and the scope of Intact's security interest.

- The Trustee estimates that its fees could be \$40,000 or more, before disbursements, for this bankruptcy administration.

DATED at Calgary, Alberta, June 8, 2023.

HUDSON & COMPANY INSOLVENCY TRUSTEES INC.

Per: Breanna Burkard-Smith
Breanna Burkard-Smith, Licensed Insolvency Trustee

Hudson & Company Insolvency Trustees Inc.

Claims Register

In the Matter of the Bankruptcy of
S.E. Johnson Management Ltd.
of the City of Calgary, in the Province of Alberta

Exhibit
"A"

Insolvency Date: 23-May-2023

Estate Number: 25-2946881

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
Unsecured creditors						
1. A-1 Concrete Cutting & Coring	No	Not proved		1,500.00		
2. Adrian Manquenahuel	Yes	Admitted		1.00	7,976.00	7,976.00
3. Ainsworth Inc. c/o Goodmans LLP Attn: Joseph Consentino	No	Not proved		53,636.96		
4. Alberta Fresh Springs Co.	No	Not proved		50.00		
5. Andrew Campbell	No	Not proved		1.00		
6. Andrew Sheret Limited	No	Not proved		30,000.00		
7. Apex Refrigeration, AC & Heating Ltd.	No	Not proved		33,500.00		
8. Armour Equipment Sales Ltd.	No	Not proved		150.00		
9. Avalanche Air Systems Ltd.	No	Not proved		252,538.10		
10. AW NRG Insulation Services	No	Not proved		52,477.30		
11. Bartle & Gibson Co. Ltd. Attn: Michelle Peters	Yes	Admitted		110,000.00	197,862.22	197,862.22
12. Blaize Corcoran	No	Not proved		1.00		
13. Brett Gignac	No	Not proved		1.00		
14. Bruce Thorlakson	No	Not proved		1.00		
15. Calgary District. Pipe Trades Pens	Yes	Admitted		30,000.00	47,877.65	47,877.65
16. Calgary Fasteners & Tools	No	Not proved		6,000.00		
17. Canadian Linen & Uniform Service - Winnipeg, MB	No	Not proved		100.00		
18. Carscallen LLP Attn: Courtney Dupont 19221/19222	Yes	Admitted			129,538.50	129,538.50
19. Champion Cutting (Calgary) Inc	No	Not proved		1,600.00		
20. Chennielle Hunt	No	Not proved		1.00		
21. Colin Parrott	No	Not proved		1.00		
22. Comfort Aire Ltd. 101063071	Yes	Admitted		79,552.96	130,587.64	130,587.64
23. Construction Labour Relations - Alberta - Calgary Office	No	Not proved		1,000.00		
24. Convergint Technologies	No	Not proved		16,962.15		
25. CRA - Tax - Prairies 8902 25998 RC0001	No	Not proved		1.00		
26. CRA - Tax - Prairies 8902 25998 RP0001	No	Not proved		1.00		
27. CRA - Tax - Prairies 8902 25998 RT0001	No	Not proved		1.00		
28. Craig Yelland	No	Not proved		1.00		

Claims Register for S.E. Johnson Management Ltd. - Continued

Insolvency Date: 23-May-2023

Estate Number: 25-2946881

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
29. Crane Supply Limited	No	Not proved		42,000.00		
30. Crystal Services Inc	Yes	Admitted		12,000.00	18,648.00	18,648.00
31. Daniel Dunphy	No	Not proved		1.00		
32. Daniel Legault	No	Not proved		1.00		
33. David Martens	No	Not proved		1.00		
34. Dayna Johnston	No	Not proved		1.00		
35. DCS Agency Ltd.	Yes	Admitted		2,200.00	3,793.66	3,793.66
36. Dillon Morrison	No	Not proved		1.00		
37. Dominic Fournier	No	Not proved		1.00		
38. Doug Fowler	No	Not proved		1.00		
39. Douglas J Atkins	No	Not proved		1.00		
40. EMCO Corporation - Red Deer, Calgary Attn: Max Ansell	No	Not proved		600.00		
41. Engineered Air Ltd.	No	Not proved		75,000.00		
42. Enmax Attn: Dina Di Rado	No	Not proved		2,400.00		
43. Evan Dahl	No	Not proved		1.00		
44. Exel Systems Inc.	No	Not proved		130,000.00		
45. Felix Benoit	No	Not proved		1.00		
46. First Calgary Financial AKA Connect First Credit Union Ltd. Attn: Credit Management Services Department	No	Not proved		1.00		
47. Ford Credit Canada Limited Attn: Bankruptcy Department	No	Not proved		1.00		
48. Gage Mitchell	No	Not proved		1.00		
49. Garrett Lawless	No	Not proved		1.00		
50. Gary Cool	No	Not proved		1.00		
51. Gary Lister	Yes	Admitted		1.00	19,974.88	19,974.88
52. Gunner Fire Protection Ltd.	No	Not proved		47,146.23		
53. Hilti Canada Corporation	No	Not proved		2,216.60		
54. Humfrey Industrial Repairs Ltd.	No	Not proved		400.00		
55. Intact Insurance Attn: Central Collections	No	Not proved		1.00		
56. Intact Insurance	No	Not proved		1.00		
57. Jason Bocking	No	Not proved		1.00		
58. Jason Brown	No	Not proved		1.00		
59. Jessi Jacewicz	No	Not proved		1.00		
60. John Birzgalis	No	Not proved		1.00		
61. John Cooper	No	Not proved		1.00		
62. John Cutler	No	Not proved		1.00		

Claims Register for S.E. Johnson Management Ltd. - Continued

Insolvency Date: 23-May-2023

Estate Number: 25-2946881

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
63. John Witham	No	Not proved		1.00		
64. Johnson Controls Limited	No	Not proved		1,360,005.72		
65. Kaleb Brown	No	Not proved		1.00		
66. Kevin Brown	No	Not proved		1.00		
67. Kristopher Klein	No	Not proved		1.00		
68. Kristopher Kurtenbach	Yes	Admitted		1.00	21,538.48	21,538.48
69. Kyle Neale	No	Not proved		1.00		
70. Liftex Equipment Rentals Inc	No	Not proved		2,886.30		
71. Lloyd Beebe	No	Not proved		1.00		
72. M. & R.S. Controls Corp.	No	Not proved		911.32		
73. Magna Insurance	No	Not proved		1.00		
74. Marcy Thorlakson	No	Not proved		1.00		
75. Mark Filek	No	Not proved		1.00		
76. Mathew Wilson	No	Not proved		1.00		
77. Matthew Kean	No	Not proved		1.00		
78. Matthew Wells	No	Not proved		1.00		
79. Messer Canada Inc.	No	Not proved		102.13		
80. Michael Byers	No	Not proved		1.00		
81. Michael Parte	No	Not proved		1.00		
82. Michael Shelley	No	Not proved		1.00		
83. Michael Winmill	No	Not proved		1.00		
84. Modular Technologies	No	Not proved		957.60		
85. Murray's Sheet Metal Ltd.	Yes	Admitted		1.00	27,764.51	27,764.51
86. Nathan Font	No	Not proved		1.00		
87. Nor-West Firestop Inc.	No	Not proved		4,154.85		
88. Paragon Ventilation Ltd. KP5533	Yes	Admitted		142,416.22	174,186.73	174,186.73
89. Patty Vold	Yes	Admitted		1.00	11,092.32	11,092.32
90. Piping Ind. Training School	No	Not proved		2,702.36		
91. Princess Auto	No	Not proved		94.44		
92. Rebecca Rogers	Yes	Admitted		1.00	14,512.88	14,512.88
93. RGO Technologies Inc.	No	Not proved		300.88		
94. Riley Green	No	Not proved		1.00		
95. RPH Distributors Ltd.	No	Not proved		3,635.02		
96. Scott Brown	No	Not proved		1.00		
97. Select Delivery Systems Inc.	No	Not proved		44.05		
98. Shari-Ann Belden	No	Not proved		1.00		

Claims Register for S.E. Johnson Management Ltd. - Concluded

Insolvency Date: 23-May-2023

Estate Number: 25-2946881

<i>Creditor Name</i>	<i>Proof of Claim?</i>	<i>Claim Status</i>	<i>Rank / Class</i>	<i>SOA Amount</i>	<i>Amount Filed</i>	<i>Admitted for Dividend</i>
99. Shawn Rau	No	Not proved		1.00		
100. Spencer Thomson	No	Not proved		1.00		
101. Spring Air Acoustics Ltd.	No	Not proved		737.10		
102. Stefan Fiddler	No	Not proved		1.00		
103. Stephen McKenna	Yes	Admitted		1.00	12,287.12	12,287.12
104. Supreme Basics	No	Not proved		153.63		
105. Sureway Metal Systems Ltd.	Yes	Admitted		1,597.68	1,597.68	1,597.68
106. Telus Residential/Business Services Attn: Rick Wan	No	Not proved		212.57		
107. Thomas Group Inc.	No	Not proved		1.00		
108. Timothy Auger	No	Not proved		1.00		
109. Tom McLean	No	Not proved		1.00		
110. Tristan Workman	No	Not proved		1.00		
111. Troy Gunhouse	No	Not proved		1.00		
112. Troy Life & Fire Safety Ltd.	No	Not proved		7,565.27		
113. Tryan Knorr	No	Not proved		1.00		
114. Tyler Davis	No	Not proved		1.00		
115. UA LOCAL 496 - DUES	No	Not proved		1.00		
116. UA Local 496 MMDF	No	Not proved		1.00		
117. UA Local 496 Supp. Ben. Fund	No	Not proved		1.00		
118. United Rentals of Canada Inc.	No	Not proved		438.40		
119. VAB Welding Ltd.	No	Not proved				
120. Viking Fire Protection Inc.	No	Not proved		535.35		
121. Vintage Cleaners	No	Not proved		656.25		
122. Waste Connections of Canada	No	Not proved		207.90		
123. WCB Workers Compensation Board of Alberta Attn: Collection Department	No	Not proved		1.00		
124. Westcal Insulation Ltd.	No	Not proved		27,593.16		
125. Western International Plastics	No	Not proved		2,643.18		
126. Wolseley Canada Inc. Attn: Nancy O'Brien	No	Not proved		1,094.37		
Total : Unsecured creditors				2,544,750.05	819,238.27	819,238.27
Grand Total:				2,544,750.05	819,238.27	819,238.27