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COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANTS IN THE MATTER OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c-B-3 as  
amended

AND IN THE MATTER OF THE RECEIVERSHIP  
OF DO ALL INDUSTRIES AND P&O ASSETS  
LTD.

DOCUMENT **SECOND REPORT OF THE RECEIVER –  
FEBRUARY 25, 2014**

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## **INTRODUCTION**

1. On February 6, 2014, Alvarez & Marsal Canada Inc. was appointed Receiver of Do All Industries Ltd (“Do All”) and P&O Assets Ltd. (“P&O”) pursuant to an Order of the Court of Queen’s Bench of Alberta (the “Receiver”).
2. The purpose of this report (the “Second Report” or this “Report”) is to provide the Court with information on the Receiver’s efforts to identify goods that are properly subject to and resolve a claim (the “30 Day Goods Claim”) submitted by Apex Distribution Inc. (“Apex”) under section 81.1 of the *Bankruptcy and Insolvency Act* (Canada) (the “BIA”).
3. All references to dollars are in Canadian currency unless otherwise noted.

## **TERMS OF REFERENCE**

4. In preparing this Second Report, the Receiver has relied upon unaudited financial information, company records and discussions with management of Do All. The Receiver has not performed an audit, review or other verification of such information. An examination of the financial forecast as outlined in the Canadian Institute of Chartered Accountants (“CICA”) Handbook has not been performed. Future oriented financial information relied upon in this Report is based on management’s assumptions regarding future events and actual results achieved will vary from this information and the variations may be material.

## **BACKGROUND**

5. Do All and P&O are privately-held companies. Do All is engaged in the fabrication of drilling rigs and related oil field equipment and operates out of premises owned by P&O. P&O is a real estate holding company and leased its property exclusively to Do All. The assets are geographically located in Estevan, Saskatchewan and Nisku, Alberta.
6. The National Bank of Canada is the primary secured creditor of Do All and P&O. Do All is the borrower and P&O is a guarantor.
7. The Receiver has taken possession and control of the assets and is still in preliminary stages of assessing the operations. The majority of operating personnel were terminated on the date of the Receivership in accordance with the terms of the Receivership Order.

8. Further background on Do All and its operations are contained in the materials filed in seeking the Receivership Order and have been posted by the Receiver on its website at: [www.amcanadadocs.com/doall](http://www.amcanadadocs.com/doall).

### **THE 30 DAY GOODS CLAIM**

9. On February 7, 2014, the Receiver received the 30 Day Goods Claim from Apex.

10. Upon receipt of the 30 Day Goods Claim from Apex, the Receiver verified that none of the goods identified in the 30 Day Goods Claim were located at Do All's premises in Nisku, Alberta. The Receiver sent correspondence to this effect to Apex on February 12, 2014, which is exhibited to Ms. Knight's supplemental affidavit.

11. On February 19, 2014 Mr. Kurtz, a representative of Apex, attended Do All's premises in Estevan, Saskatchewan for the purposes of identifying any goods subject to the 30 Day Goods Claim. Mr. Eberle, a former employee of Do All hired by the Receiver and Mr. Wilk a representative of the Receiver met with Mr. Kurtz at Do All's locations in Estevan, Saskatchewan for the purposes of reviewing the 30 Day Goods Claim. Mr. Eberle toured the premises with Mr. Kurtz and they made notes on the invoices submitted with the 30 Day Goods Claim. During this tour a small number of goods (with a total value of \$2,868.69) were identified in the Estevan, Saskatchewan location as having been delivered by Apex and subject to the 30 Day Goods Claim. The Receiver has confirmed to Apex that these goods may be repossessed by Apex in accordance with the BIA ("Repossessed Goods"). No other goods listed in the 30 Day Goods Claim were identified by the Receiver.

12. The Receiver has the following concerns regarding the remaining items that were identified as being part of the 30 Day Goods Claim by Mr. Kurtz:

- (a) The goods purported to be identified by Mr. Kurtz were not cross referenced to the specific items listed in each of the invoices in the 30 Day Goods Claim and it was not confirmed to the Receiver that the specific items listed in the invoices were either in the possession of Do All, in the same state and/or identifiable;
- (b) The Receiver understands that Apex supplied goods to Do All on an ongoing basis and it was not confirmed to the Receiver that the goods purported to be identified by Mr. Kurtz had in fact been delivered in the 30 day period preceding the date of the Receivership Order; and

- (c) Multiple of the boxes of goods purported to be identified by Mr. Kurtz had been opened and components or pieces were missing and had presumably been used or incorporated into drilling rigs components being manufactured by Do All prior to the appointment of the Receiver;

13. The Receiver has completed a transaction in respect of one drilling rig owned by Do All and anticipates finalizing a second transaction shortly. The second transaction will require the Receiver to perform certain additional manufacturing work in order to complete the subject drilling rig. Mr. Wilk told Mr. Kurtz that the Receiver may require some of the Repossessed Goods and if so required would pay the invoiced value for any goods that were properly subject to the 30 Day Goods Claim. Mr. Kurtz indicated that he would only agree to this proposal if he could re-price the goods used. The Receiver has since determined that none of the Repossessed Goods are required. While the Receiver is unable to account for goods listed in the 30 Day Goods Claim that were incorporated into complete or incomplete drilling rigs by Do All or were otherwise sold or missing as of the date of its appointment, the Receiver will not be making use of any items that are properly identified as being subject to the 30 Day Goods Claim..

14. In an effort to resolve the issues in respect of the 30 Day Goods Claim, as summarized above, the Receiver's counsel:

- (a) Proposed that Mr. Kurtz attend at the Do All premises and cross reference the goods listed in the invoices to those currently on site so that all of the goods subject to the 30 Day Goods Claim could be properly identified; and
- (b) Confirmed that goods that were specifically identifiable as being delivered by Apex and that were in the same state as they were at delivery would be maintained by the Receiver in their current state.

15. Correspondence between counsel for the Receiver and counsel for Apex pertaining to the Receiver's efforts to resolve the 30 Day Goods Claim is attached as Appendix "A".

All of which is respectfully submitted this 25<sup>th</sup> day of February, 2014.

**ALVAREZ & MARSAL CANADA INC.,  
In its capacity as court-appointed Receiver of  
The Do All Industries Ltd. and P&O Assets Ltd.**

Per:



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Tim Reid, CA  
Senior Vice-President