



COURT FILE NUMBER

2101-02280

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFF

ROYAL BANK OF CANADA

Justice D. B. Nixon  
COM  
Oct 28, 2021

DEFENDANT

PEOPLE EXPRESS TRANSPORT LTD.

AND IN THE MATTER OF THE RECEIVERSHIP OF PEOPLE  
EXPRESS TRANSPORT LTD.

DOCUMENT

**THIRD REPORT OF THE RECEIVER****OCTOBER 18, 2021**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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## INTRODUCTION

1. Effective April 22, 2021 (the “**Receivership Date**”), pursuant to a consent receivership order granted by the Court of Queen’s Bench of Alberta (the “**Court**”) in Action No. 2101-02280 (the “**Consent Receivership Order**”), Alvarez & Marsal Canada Inc. was appointed the receiver and manager (the “**Receiver**”), without security, of all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (collectively, the “**Property**”) of People Express Transport Ltd. (“**People Express**”, the “**Debtor**”, or the “**Company**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended and section 13(2) of the *Judicature Act*, RSA 2000, c J-2, in the within action (the “**Receivership Proceedings**”).
2. The Consent Receivership Order empowers and authorizes, but does not obligate, the Receiver to, among other things, take possession and control of the Property and of any and all proceeds, receipts and disbursements arising out of or from the Property, and to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business subject to Court approval, as necessary.
3. On May 25, 2021, this Honourable Court granted orders approving, *inter alia*, the Ocean Trailer APA (as defined in the First Report) and respective Approval and Vesting Order to Ocean Trailer, which the transaction closed on June 15, 2021. In addition, the Court granted certain other relief, namely, increasing the Receiver’s Charge to \$500,000, compelling the return of certain Property held by RPM (as defined in the First Report) to the Receiver and the Receiver’s and the Receiver’s Counsel’s (as defined in the First Report) fees and costs.
4. On July 6, 2021, this Court further granted orders approving, *inter alia*, the Auction Agreement with Century Services Corp. (“**Century**”), an Auction Approval and Vesting Order, the approval of the Receiver and its counsel’s fees, costs, actions, and activities. The auction hosted by Century (the “**Auction**”) concluded on August

24, 2021 and proceeds from the Auction were delivered to the Receiver on September 30, 2021, as discussed further below.

5. The purpose of this third report of the Receiver (the “**Report**” or the “**Third Report**”) is to provide this Honourable Court with information in respect of the following matters:

- a) the activities of the Receiver since the Second Report;
- b) an operational update since the Second Report;
- c) the results from the Auction;
- d) an update on the residential property legally described as Plan 9211841 Block 6 Lot 9 (the “**Lands**”);
- e) the Receiver’s application for an order directing the certain lien claimants to discharge their registrations on certain of the Property owned by the Company with the *Alberta Personal Property Registry*;
- f) the Receiver’s application to amend the Consent Receivership Order to allow the Receiver to assign the Company into bankruptcy;
- g) actual cash flow results for the period from June 26, 2021 to October 15, 2021 (the “**Reporting Period**”);
- h) the Receiver’s application for an order approving a distribution to lien claimants (“**Lien Claimants Distribution**”) noted herein and an interim distribution to the Royal Bank of Canada (“**RBC Interim Distribution**”);
- i) approval of the Receiver’s undertaken and proposed go-forward actions, activities and conduct, and approval of the Receiver’s fees and disbursements and those of the Receiver’s Counsel; and
- j) the Receiver’s conclusions and recommendations.

6. Unless otherwise set forth herein, capitalized words or terms not defined or ascribed a meaning in this Report are as defined or ascribed the meaning set out in the Receiver's previously filed reports and Consent Receivership Order.
7. All references to dollars are in Canadian currency unless otherwise noted.

## **TERMS OF REFERENCE**

8. In preparing this Report, the Receiver has relied primarily upon information obtained through the representations of certain shareholders, management and former employees of People Express. In addition, where applicable, the Receiver has relied on the Company's books and records, which were produced and maintained principally by the Company.
9. While the Receiver has reviewed certain financial information in respect of the Company for reasonableness, the Receiver has not performed an audit, review or otherwise attempted to verify the accuracy or completeness of the Company's financial information that would wholly or partially comply with Canadian Auditing Standards ("CASs") pursuant to the Chartered Professional Accountants Canada Handbook, and accordingly, the Receiver expresses no opinion or other form of assurance contemplated under CASs in respect of financial information.

## **BACKGROUND AND OVERVIEW**

10. People Express is a corporation incorporated pursuant to the laws of the Province of Alberta with a registered office in Calgary, Alberta.
11. People Express operated a business specializing in the transport of temperature sensitive products throughout North America. The primary assets of People Express consisted of approximately 280 motor vehicles and trailers. A number of these motor vehicles and trailers are subject to leasing and financing agreements with various third-parties. All of the Company's motor vehicles and trailers have now been sold in the Auction as further discussed below.

12. As indicated in a Government of Alberta Corporate Registration Corporation/Non-Profit Search dated June 11, 2021, Mr. Gurpreet Brar (“**Mr. G. Brar**”), Mr. Gurbaj Sandhu (“**Mr. Sandhu**”) and Mr. Charanpreet Brar (“**Mr. C. Brar**”) are the directors and shareholders of People Express and each hold 33.3% of the voting shares in People Express. Mr. G. Brar, Mr. Sandhu and Mr. C. Brar have also personally guaranteed a portion of the indebtedness owing by People Express to the Royal Bank of Canada (“**RBC**”).
13. Based on the Receiver’s review of the Company’s books and records, People Express owed RBC over \$10.7 million as at the Receivership Date (as defined in the First Report).
14. Further background information regarding the Company and its financial circumstances is contained in the materials filed in support of and relating to the Consent Receivership Order. These documents, together with the Receiver’s previously filed reports, Court orders and other relevant information have been posted by the Receiver on its website, including the Consent Receivership Order and various application materials at: [www.alvarezandmarsal.com/petl](http://www.alvarezandmarsal.com/petl) .

## **ACTIVITIES OF THE RECEIVER**

15. Since the Second Report, the Receiver’s activities with respect to the Company have included, but are not limited to, the following:
  - a) arrange for the delivery of the few remaining People Express trailers located in provinces outside of Alberta;
  - b) coordinate the removal of the Company’s trucks and trailers from the Receiver’s temporary storage facility to Century’s storage facility located in High River, AB for purposes of hosting the Auction;
  - c) complete the remaining aspects and requirements of the Auction Agreement with Century;

- d) complete the sale of one trailer (VIN# 1UYVS2533CU389004) to JDV Trucking Ltd.;
- e) attend to various correspondence and discussions with respect to concerns of former employees regarding the impact of the Receivership Proceedings, the role of the Receiver as an officer of the Court, and facilitating former employees' applications under the Wage Earner Protection Program ("**WEPP**");
- f) review the Company's books and records and update its accounts receivables and accounts payables, based on certain additional, but limited financial information available to the Receiver;
- g) deliver collection letters to the Company's customers and contractor operators as listed in the Company's books and records for the immediate repayment of the outstanding accounts receivable or provide evidence that such accounts receivable does not exist;
- h) communicate with various lessors and garage keeper lienholders whom have interests registered with the Alberta Personal Property Registry and the British Columbia Personal Property Registry to obtain an understanding on their alleged priority position with respect to the Receivership Proceedings, and making an arrangement to release these respective assets to the lessors for inclusion in the Auction;
- i) communicate with representatives from Government of Alberta Labour and Immigration regarding a critical worker benefit received by People Express prior to the Receivership Proceedings;
- j) engage and provide instructions to the Receiver's Counsel on various legal matters in respect of the Receivership Proceedings;
- k) various calls with the Canada Revenue Agency ("**CRA**") respecting the Receivership Proceedings, the Receiver's duties and the coordination

of an audit of the Company's books and records with respect to GST accounts;

- l) undertaking the day to day management of the Company regarding the recovery of People Express' Property, providing direction to contractors, and ensuring timely payment of trade creditors for services requested, rendered and approved by the Receiver;
- m) continued correspondence with Alberta Treasury Branch and ICICI Bank Canada regarding funds held and deposited within these People Express operating accounts;
- n) communicate with People Express' former directors and their independent legal counsel respecting various matters, including concerns of conduct by the directors regarding, *inter alia*, cash collections, assets of People Express, and registered property held by People Express;
- o) multiple correspondence with CIBC respecting the Lands and the associated mortgage assumed to be owned by the Company (residential property) which the Company directors are alleging personal ownership of;
- p) collection of all proceeds from the Auction; and
- q) attending numerous and on-going meetings and discussions with various creditors (or their representatives), the Receiver's Counsel, interested parties and other stakeholders regarding the Receivership Proceedings.

## **OPERATIONAL UPDATE**

### **Employees and Contractors**

16. As previously reported, the Receiver terminated all of the Company's employees pursuant to the Consent Receivership Order on April 23, 2021 (one day after the Receivership Date). There were six former Company employees that the Receiver engaged on a part-time and temporary basis to act as independent contractors (the **"Independent Contractors"**). The Independent Contractors were engaged to assist the Receiver in winding down the Company's operations, arranging to recover its assets located throughout North America and assist the Receiver with administrative matters. The Receiver terminated its working arrangements with its Independent Contractors, with the last Independent Contractor being terminated on September 20, 2021.

### **Payroll Records**

17. The Receiver has now updated the employee payroll records based on the information available and in the Receiver's possession and issued all former employees their T4 statements in July 2021. The employee ROE's were uploaded to the CRA online and all employees were notified that they may access their ROE's through "My Service Canada Account."
18. All former eligible employees have been provided with the WEPP claim documentation to submit a claim with Service Canada. The deadline to submit a claim was on August 11, 2021. At the date of this Report, approximately 71 claims totaling \$425,053.73 have been processed and advanced by Service Canada to eligible Company's employees. The portion of Service Canada's WEPP payments to employees that are considered "super-priority" amounts as against the estate totals \$139,041.36.
19. There are two remaining employees who are eligible for WEPP who have not yet submitted a proof of claim form. The Receiver has followed up with these employees' numerous times, but these individuals have not taken any steps to have the necessary paperwork completed. If these employees do submit their forms, the "super-priority" amount outstanding may increase by an additional \$4,000.

## **Critical Workers Benefit**

20. The Receiver has been in communication with representatives from Government of Alberta Labour and Immigration (“GALI”) regarding a critical worker benefit received by People Express prior to the Receivership Date. The GALI asserts that the \$62,012.16 paid to the Company by GALI is considered a priority trust claim (the “**Funds**”). The Receiver, in its analysis and review conducted by the Receiver’s Counsel of the documentation and information provided to date, is of the view that GALI does not have a valid trust claim, but an unsecured claim, as the Funds that were received by People Express prior to the Receivership Date, did not exist as at the Receivership Date nor could the Receiver, notwithstanding conducting a detailed tracing exercise, easily identify or trace the whereabouts of these Funds (as they were comingled into an account, which continued to be used for operational purposes thereafter, and which account was ultimately overdrawn with a negative balance). The Receiver expressed its sympathies to GALI, arranged a conference call with same to attend to their concerns and in the hopes of finding a solution, and again, delivered a response to GALI on its position of GALI’s priority trust claim on August 31, 2021, and requested that GALI advise of its position. GALI advised that they would provide a response by the end of the second week of October, but the Receiver has yet to receive a response back from GALI.

## **Canada Revenue Agency (Potential Priority Payables)**

### GST

21. Since the Second Report, the Receiver obtained a notice from CRA advising that GST returns prior to the Receivership Date were potentially being reassessed and that CRA required certain information to finalize their assessment. CRA advised that it was reassessing the Company’s CRA GST obligations based on the Receiver’s Notice pursuant to section 245 and 246 of the BIA and as included on the Receiver’s website. The Receiver is currently working to compile information for the CRA to perfect its claim.

22. As the Receiver continues to work with the CRA to perfect its claim, there is no assessment or amount that has been determined at this time. The Receiver expects a claim from the CRA to be finalized in the coming weeks.
23. The Receiver has filed all post receivership GST filings obligations within the Receivership Proceedings.

#### Source Deductions

24. The Receiver understands that based on the Company's books and records and discussion with Company's former management and directors, there should be no outstanding source deductions outstanding to CRA as at the Receivership Date. The Receiver continues to review the Company's payroll in an attempt to confirm the same and gather information for CRA to conduct its audit.

#### **Accounts Receivable**

25. Since the Second Report, the Receiver has had multiple follow up communications with customers identified in the Company's accounts receivable records, which has resulted in a number of customers settling their account and/or providing documentation to prove prior payment of these outstanding accounts. To date, the Receiver has collected approximately \$1 million of the outstanding accounts receivable totalling \$2.6 million purported by the Company in its books and records.
26. For customers who have not responded to the Receiver regarding their outstanding account balances owing to the Company, the Receiver issued demand letters on October 6, 2021 requesting for payment within five days of the date of the correspondence. At the date of this Report, the Receiver has had no response from any of the parties who were issued demand letters.
27. The Receiver will provide this Honourable Court a further update on the existence and collectability of the remaining accounts receivables purported to be outstanding and owed to the Company in a further report.

## **Garage Keepers' Liens**

28. The Receiver's Counsel identified various garage keepers' lienholders ("**Lienholders**") that registered their interest on one or more of People Express' Property and certain other leased and/or financed Property.
29. Since the Second Report, the Receiver and the Receiver's Counsel has been in communication with the various lienholders' and the Receiver's Counsel has conducted an analysis of the validity of their liens based on information available to the Receiver.
30. The Receiver confirmed that there are five (5) Lienholders (the "**People's G.K. Lienholders**") that have registered multiple liens against assets controlled by the Receiver. There were two additional Lienholders that had registered liens on assets that were released by the Receiver back to the financing companies.
31. The People's G.K. Lienholders are summarized as follows (a detailed schedule of the People's G.K. Lienholders is included as **Appendix A**):
  - a) R James Management Group Alberta Ltd. ("**R James**")
    - i. R James has 13 garage keepers' liens registered against People Express' assets for a total of \$50,115.42. The Receiver, with assistance from the Receiver's Counsel, believes these liens to be valid and will proceed to pay R James, subject to Court approval;
  - b) New West Freightliner Inc. ("**New West**")
    - i. The Receiver, through the Receiver's Counsel, has been in communication with New West regarding its position on the six liens filed against People's assets and both parties have settled the outstanding lien claim amount in the amount of \$5,891.43.
  - c) Ward Tires Inc. ("**Ward**")

- i. Ward holds 14 garage keepers' liens registered on People Express assets for a total of \$62,842.08. The Receiver, with assistance from the Receiver's Counsel, believes these liens to be valid and enforceable and the Receiver will proceed to pay this amount outstanding to Ward, subject to Court approval;
  - ii. The Receiver understands that Ward owes People Express \$27,850 pursuant to outstanding accounts receivable and the Receiver intends to set off the garage keepers' lien payment noted above by this amount. The Receiver has notified Ward of its intent to do so multiple times but has not received a response from Ward. As a result, the Receiver will pay \$34,992.08 as full and final settlement of all of the claims between Ward and People Express (which is based on a set off of \$27,850 owed by Ward to People Express from the \$62,842.08 owed by People Express to Ward (*i.e.*,  $\$62,842.08 - \$27,850 = \$34,992.08$ ));
- d) South City Truck Centre Ltd. ("**South City**")
- i. South City was in possession of certain People Express assets, which it had registered liens against. The Receiver reviewed the documentation provided by South City in relation to the garage keepers' liens, as well as had a third-party inspection of the assets being held by South City. The Receiver negotiated the settlement of these liens and release of these People Express assets prior to the closing of the Auction in order for these assets to be included in the Auction.
  - ii. South City holds a garage keepers' lien against one asset (VIN # 3AKJHHDR6KSJX9342) that has been deemed not valid by the Receiver. Specifically, South City has not yet provided the Receiver with a signed acknowledgement of indebtedness (notwithstanding numerous requests for same), which is required

pursuant to section 2(3) of the *Garage Keepers' Lien Act*, RSA 2000, c G-2. The Receiver will not make payment in relation to this garage keepers' lien, unless further valid information is provided to the Receiver and if approved by this Honourable Court;

e) New Millenium Tire Sales & Trucks Repairs Ltd. (“**New Millenium**”)

- i. New Millenium has two garage keepers' liens registered on People Express assets for a total of \$19,784.99. The Receiver, with assistance from the Receiver's Counsel, believes these liens to be valid and will proceed to pay this amount outstanding to New Millemium, subject to Court approval;

32. The Receiver is respectfully requesting this Honourable Court to approve the payment of the lien amounts owed to the People's G.K. Lienholders. Should this Court approve the Receiver to make these payments, the Receiver further requests an order directing the People's G.K. Lienholders to promptly discharge their registrations with the Alberta Personal Property Registry against the Company, once payment has been made by the Receiver.

## **UPDATE ON THE CENTURY AUCTION**

### **Overview**

- 33. On July 6, 2021, this Honourable Court granted the Auction Approval and Vesting Order that established the process for the sale of the Property of People Express, with the assistance of the auctioneer, Century.
- 34. Century conducted a comprehensive marketing program from late July to August 24, 2021, which included (but was not limited to) the following:
  - a) uploading pictures, mileage/hours and other pertinent marketing details to Century's website as well as other social media platforms such as LinkedIn;

- b) advertising in various major newspaper outlets located in Vancouver, Calgary, Edmonton, Winnipeg and Toronto along with various magazines and newspapers in the U.S.;
  - c) contacting Century's vast network (in excess of 50,000 contacts) via email blast advising them of the Property and pending Auction; and
  - d) contacting over 4,000 companies directly by phone and advising them of the Auction;
35. The online Auction started on August 3, 2021 and ended on August 24, 2021. Most of the Company Property was sold at this Auction with few residual assets that were unsold to be included in an auction held by Century in September 2021.
36. The advertising of the Auction resulted in viewings both online and in person at Century's premise from interested parties. The Auction attracted 1,042 active bidders over the course of both auction dates. The initial Bid Deadline resulted in total cash proceeds delivered to the Receiver of \$5,650,547, which was well in excess of the net minimum guarantee provided by Century as disclosed in the Receiver's Second Confidential Supplemental Report to the Second Report dated July 2, 2021. The Receiver is working with Century to finalize the settlement of the sale of these residual assets that are not included cash proceeds amount discussed above.
37. The Receiver believes that Century conducted a robust and successful sales process that canvassed the market and achieved realizations well in excess of the net minimum guarantee.

## **RESIDENTIAL PROPERTY**

38. As noted in the Receiver's Second Report, on or about May 28, 2021 the Receiver became aware of the Lands which, based on employment records of the Company, the Receiver believes is the personal residence in which Mr. C. Brar, or his parents, reside.

39. Since the Second Report, the Receiver has requested, through Mr. C. Brar's legal counsel, Mr. C. Brar's position with respect to the Lands. Mr. C. Brar has informed the Receiver that the Lands are not owned by the Company, but in fact are a personal asset of his.
40. The Receiver investigated this position further to obtain additional evidence in an attempt to confirm whether the Lands are owned by the Company. The following evidence was obtained by the Receiver:
- a) the Certificate of Title for the Lands lists People Express as the registered legal owner of the Lands;
  - b) there are three *Guarantees Acknowledgement Act* certificates that each of Mr. C. Brar, Mr. Sandhu and Mr. G. Brar executed confirming that they are guaranteeing the deed dated April 27, 2016 between CIBC and People Express;
  - c) in connection with the foregoing, on April 27, 2016, Mr. Saadullah Jan (at the relevant time, with Shory & Jan Law Offices) provided Certificates of Independent Advice wherein it stated that "The lawyer and the client acknowledged that the client has been advised fully of his rights and obligations arising from the document for the Purchase and Mortgage of" the Lands;
  - d) pursuant to correspondence between Mr. Jan and the Receiver's Counsel, on August 31, 2021, Mr. Jan advised that the following characterization is "pretty much the correct characterization" regarding the advice Mr. Jan provided Mr. C Brar:
    - i. that the mortgagor is People Express; and
    - ii. that Mr. C. Brar is simply providing a guarantee for the benefit of CIBC for the obligations of People Express Transport Ltd. to CIBC.

- e) the Receiver has been in contact with CIBC with respect to their position as to the mortgagor of Lands. CIBC confirmed and provided support to the Receiver that People Express is the mortgagor of the Lands and provided the list of guarantors to the mortgage, which included Mr. C. Brar;
- i. While Mr. C. Brar has taken the position that the Mortgage Disclosure Statement initially included the directors in their personal names as the “Borrowers”/ “Mortgagors”, which was crossed out by hand and included People Express as the “Borrowers”/ “Mortgagors”, CIBC advised the Receiver’s Counsel via email correspondence on August 30, 2021 that “CIBC’s position in this regard is that the Mortgage Advisor drafted the documents incorrectly and made the change/amendment by hand” and that “[a]ll Mortgage documents and the CIBC Guarantee form included in the Mortgage Disclosure Package PDF support that the individuals were aware of the Corporation being on title and on the mortgage as primary and sole borrower”; and
- f) the Receiver has been in contact with Mr. Sajan J. Alexander, who acted as the solicitor for People Express with respect to the real estate purchase and sale transaction of the Lands (when he was with the offices of Sajan Alexander / Sidhu Alexander LLP). While Mr. Sajan could barely remember the subject transaction, given that it occurred five years ago, on a quick review of the files, he noted that “it seems difficult to me to believe that [Mr. C. Brar] would be under the impression that he was the mortgagor and not his company, especially given the following facts:
  - 1. he and the others attended a separate law office for independent legal advice to reinforce the fact that they were merely a guarantors and not the mortgagors.

2. it appears that all three individuals started out as the purchasers/mortgagors, but then changed the transaction to make People Express the Purchaser/Mortgagor. You will see on pg. 20 of attachment 16051-2 that the three individuals had their realtor change the contract from them personally being the buyers to switching the contract into their company's name. I am not sure why they changed the Buyer in the transaction to be the corporation, but it appears that they consciously and deliberately changed the buyer to the corporation just prior to the scheduled closing of the transaction.

3. You will also notice that the CIBC documents change from the individuals to the corporation name as time passes on the file.

4. Even the fire insurance binder letter found on pg. 6 of attachment 16051-3 shows that the clients went out and secured insurance for the property in the name of People Express Transport Ltd.

5. The balance of proceeds from the matter that was refunded to the client was written out to People Express.”

41. After obtaining the above information, the Receiver, through the Receiver's Counsel, requested a meeting with Mr. C. Brar and its counsel to further discuss matters and sought additional information respecting Mr. C. Brar's position on the Lands. Mr. C. Brar has provided certain information to the Receiver and the Receiver is currently reviewing these documents. The Receiver anticipates that should there not be a resolution on the ownership of the Lands, the Receiver will be back before this Honourable Court to address this matter.

## **AMENDMENT OF CONSENT RECEIVERSHIP ORDER**

42. The Receiver respectfully requests that this Honourable Court amend paragraph 3 of the Consent Receivership Order to expand the Receiver's powers by empowering and authorizing, but not obligating, where the Receiver considers it necessary or desirable, to assign the Debtor into bankruptcy.
43. Subject to this proposed amendment to the Consent Receivership Order being granted by the Court, the Receiver intends to assign the Debtor into bankruptcy. The Receiver believes it is appropriate, under the circumstances, to assign People Express for the following reasons:
- a) paragraph 29 of the Consent Receivership Order advises that nothing in the Consent Receivership Order shall prevent the Receiver from acting as the trustee in bankruptcy of People Express;
  - b) People Express is currently in receivership and is considered insolvent persons within the meaning of the BIA and it has failed to meet its obligations generally as they became due, in that People Express has failed to meet its respective obligations to RBC and others, such obligations which exceed \$1,000;
  - c) People Express is currently indebted to their respective creditors for an aggregate total of approximately \$12.2 million comprising of both secured and unsecured creditors;
  - d) assigning People Express into bankruptcy will allow for an efficient and orderly wind-down of the estate;
  - e) a bankruptcy of People Express will allow for the aligning of priority claims and the crystalizing of various creditor claims; and
  - f) RBC supports the Receiver's intention to assign People Express into bankruptcy.

44. A&M is the Court-appointed receiver and manager of People Express and has been administering the receivership of estate. In this role, A&M has been in consultation with various of People Express' creditors. A&M is knowledgeable with respect to the remaining assets, properties, undertakings and specific issues facing People Express, and is well positioned to effectively assume the role as the licensed insolvency trustee for this estate. A&M is not aware of any conflict to act as licensed insolvency trustee for People Express and is willing to act in such capacity.
45. Should this Honourable Court grant the Receiver the ability to assign People Express into bankruptcy, it is the intention of the Receiver to have the option, but not the obligation, to guarantee the fees and costs of the licensed insolvency trustee to administer the estate and this is supported by RBC, as fulcrum creditor in these proceedings.

#### **RECEIPTS AND DISBURSMENTS**

46. The following is a statement of the Receiver's receipts and disbursements within the Receiver's operating trust account during the Reporting Period and actual results since the Receivership Date:

**People Express Transport Ltd. - In Receivership**  
**Interim Statement of Receipts & Disbursements**  
**Unaudited**  
**\$CAD**

	<b>First &amp; Second Report</b> April 22, 2021 to June 25, 2021	<b>Reporting Period</b> June 26, 2021 to October 15, 2021	<b>Total</b> April 22, 2021 to October 15, 2021
<b>Opening Cash</b>			
Cash in bank	170,110	677,400	170,110
<b>Receipts</b>			
Auction proceeds	-	5,650,550	5,650,550
Accounts receivable	772,440	318,100	1,090,550
Sale of assets	652,000	6,000	658,000
Receiver's borrowings	500,000	-	500,000
GST collected	52,400	15,150	67,560
Insurance refund	-	156,330	156,330
Income tax refund	-	41,510	41,510
<b>Total Receipts</b>	<b>1,976,840</b>	<b>6,187,640</b>	<b>8,164,500</b>
<b>Disbursements</b>			
Insurance	397,630	1,360	398,990
Contractor payments	167,560	10,400	177,950
Fuel	166,230	2,150	168,370
Lien payments	-	140,860	140,860
Appraisal & auctioneer fees	5,250	127,640	132,890
GST paid	36,160	41,020	77,190
Repairs & maintenance	37,250	35,190	72,440
Rent & storage	16,740	-	16,740
Security	10,560	-	10,560
Computer services & software	-	10,480	10,480
Miscellaneous	1,140	90	1,230
Bank charges	280	(60)	230
Receiver's fees	542,790	280,040	822,830
Legal fees	87,960	214,320	302,280
<b>Total Disbursements</b>	<b>1,469,560</b>	<b>863,490</b>	<b>2,333,050</b>
<b>Net Cash Flow</b>	<b>507,280</b>	<b>5,324,150</b>	<b>5,831,450</b>
<b>Opening Cash</b>	<b>170,110</b>	<b>677,400</b>	<b>170,110</b>
<b>Net Cash Flow</b>	<b>507,290</b>	<b>5,324,150</b>	<b>5,831,440</b>
<b>Closing Cash</b>	<b>677,400</b>	<b>6,001,550</b>	<b>6,001,550</b>
<b>Deposits in Trust</b>	<b>2,362,200</b>	<b>42,500</b>	<b>42,500</b>
<b>Total Closing Cash</b>	<b>3,039,600</b>	<b>6,044,050</b>	<b>6,044,050</b>

Note 1: USD amounts calculated from Bank of Canada exchange rate as of October 15, 2021

47. Opening cash was \$677,400 as at June 26, 2021.
48. Receipts collected during the Reporting Period total \$6,187,640, which comprised of the proceeds resulting from the Auction, the collection of certain accounts receivables, the asset sale to JDV Trucking Ltd. and miscellaneous refunds.
49. Disbursements paid during the Reporting Period were \$863,490 which primarily related to insurance, repairs and maintenance, contractor payments, fuel, appraisal and auctioneer fees, the Receiver and the Receiver's Counsel professional fees and other miscellaneous costs.
50. The professional fees and costs incurred by the Receiver and the Receiver's Counsel during the Reporting Period were \$494,360 for the period June 19, 2021 to September 30, 2021. The Receiver previously sought and obtained Court approval for its and the Receiver's Counsel's professional fees and costs from the Receivership Date to June 18, 2021. The Receiver is now seeking approval by this Honourable Court to respectfully approve the Receiver's and the Receiver's Counsel's fees and costs during the Reporting Period, which are further discussed below.
51. Total cash on hand as at October 15, 2021 was approximately \$6 million. Additionally, the Receiver is holding \$42,500 in a separate trust account relating to GST payable from a sale of assets prior to the Receivership Date.

#### **PROPOSED DISTRIBUTION TO THE SECURED LENDER**

52. Pursuant to paragraph 13 of the Consent Receivership Order, the monies collected during the Receivership Proceedings shall be held by the Receiver to be paid or distributed in accordance with the terms of the Consent Receivership Order or any other order of the Court.
53. As noted in the First Report, the Receiver's Counsel has conducted a security review and concluded, subject to the comments and qualifications set forth in the

subject Security Review Memorandum, RBC holds valid and first priority security over the Property of People Express. The Receiver is not aware of any other claimant that may have priority over RBC's security, other than the "super priority" claims as noted within this Report.

54. The Receiver is recommending that the RBC Interim Distribution should amount to \$5 million, as partial repayment of the indebtedness owing to it by People Express.
55. The Receiver is recommending that it holdback approximately \$1 million to cover the potential priority payables for WEPP, WCB, GST and garage keeper's liens and the remaining costs to complete the administration of the estate (the "**Holdback**").

People Express Transport Ltd. - In Receivership	
Proposed Holdback	
\$CAD	
Ending Cash Balance - October 15, 2021	\$ 6,044,051
<b>Holdback</b>	
WEPP Priority Claim	145,000
WCB Priority Claim	62,000
Potential CRA Priority Claims	75,000
Garage Keepers' Liens	160,000
Operating Costs	50,000
Bankruptcy Costs	50,000
Professional Fees	275,000
Contingency	227,051
<b>Total Holdback</b>	<b>\$ 1,044,051</b>
<b>Proposed First Interim Distribution</b>	<b>\$ 5,000,000</b>

56. The Receiver is of the respectful view that this Honourable Court should approve the RBC Interim Distribution, as the Receiver believes the Holdback will provide sufficient funds in the estate to address the remaining costs in these Receivership Proceedings (as discussed above), including those fees and costs of the Receiver and the Receiver's Counsel.

57. Should the Receiver not require some or all of the Holdback amounts discussed above and/or should there be additional account receivables collected, the Receiver intends to seek a further order from this Honourable Court to make a further distribution to RBC.

#### **APPROVAL OF THE RECEIVER'S AND ITS COUNSEL'S FEES AND COSTS**

58. The Receiver seeks approval from this Honourable Court of its and the Receiver's Counsel's fees and disbursements from June 19, 2021 to September 30, 2021 (the **"Interim Taxation Period"**), pursuant to paragraph 19 of the Consent Receivership Order. The Receiver previously obtained Court approval on its and its Counsel's professional fees and costs from the Receivership Date to June 18, 2021, as detailed in the First Report and the Second Report.
59. The total fees and disbursements of the Receiver during the Interim Taxation Period total \$280,044.58 (excluding GST) (the **"Receiver's Fees and Costs"**). The total fees and disbursements of the Receiver's Counsel, during the Interim Taxation Period total \$118,692.30 (excluding GST) (the **"Receiver's Counsel's Fees and Costs"**). A summary of the Receiver's and the Receiver's Counsel's Fees and Disbursements are attached as **Appendix "B"**.
60. The accounts of the Receiver and the Receiver's Counsel outline the date of the work completed, the description of the work completed, the length of time taken to complete the work and the name of the individual who completed the work. Copies of the invoices will be made available to the Court at its direction, if necessary.
61. The Receiver respectfully submits that its professional fees and disbursements and those of the Receiver's Counsel are fair and reasonable in the circumstances and as outlined in this Report and respectfully requests that this Honourable Court approve the Receiver's Fees and Costs and the Receiver's Counsel's Fees and Costs.

#### **RECEIVER'S ONGOING ACTIVITIES AND FUTURE COURSE OF ACTION**

62. The Receiver's next steps include, but are not limited to the following:

- a) arrange for the payment of the People's G.K. Lienholders and RBC Interim Distribution , subject to Court approval;
- b) continue to work with the CRA on finalizing its audit/assessment respecting GST and source deductions;
- c) continued communication with the Company's customers and ongoing efforts to collect and reconcile the trade accounts receivable;
- d) make final determination as to legal ownership and mortgagor of the Lands;
- e) conclude its dealings with the Alberta Government regarding the Critical Worker Benefit; and
- f) various other administrative tasks relating to the Receivership Proceedings.

## **RECEIVER'S RECOMMENDATIONS**

63. Based on the foregoing, the Receiver respectfully recommends that this Honourable Court approve, *inter alia*:

- a) the amendment to paragraph 3 of the Consent Receivership Order and permit the Receiver to assign the Company into bankruptcy;
- b) the RBC Interim Distribution;
- c) the People's G.K. Lienholder payments;
- d) the Receiver's Fees and Costs and the Receiver's Counsel's Fees and Costs; and
- e) the actions, activities and conduct of the Receiver to date as set out in this Report.

All of which is respectfully submitted this 18<sup>th</sup> day of October, 2021.

**ALVAREZ & MARSAL CANADA INC.,  
in its capacity as Court-appointed Receiver and Manager of  
People Express Transport Ltd.  
and not in its personal or corporate capacity**

A handwritten signature in blue ink, appearing to be 'Orest Konowalchuk', with a stylized, elongated shape.

Orest Konowalchuk, CPA, CA, CIRP, LIT  
Senior Vice President

A handwritten signature in black ink, appearing to be 'Cassie Riglin', with a stylized, elongated shape.

Cassie Riglin, CPA, CA, CIRP, LIT  
Senior Vice President

## APPENDIX “A”

PETL Unit #	Person(s) Claiming GLEA Lien	Serial Number & Year & Make & Model	Business for housing, storage, or repair of vehicles?	GLEA lien relates to storage/repair/maintenance costs	Lien Amount	Receiver to Pay?	Amount to Pay
51185	R James Management Group Alberta Ltd	3AKJHHDR8KSJX9309	Yes	Yes	\$ 2,939.66	Yes	\$ 2,939.66
		2019 Freightliner PT126SLP					
2046	R James Management Group Alberta Ltd	3AKJGLDR6HSJC3248	Yes	Yes	\$ 3,738.98	Yes	\$ 3,738.98
		2017 Freightliner CA 125SLP					
2052	R James Management Group Alberta Ltd	1FUJF6CV84DN41172	Yes	Yes	\$ 5,158.34	Yes	\$ 5,158.34
		2004 Freightliner Classic					
2042	R James Management Group Alberta Ltd	3AKJGLDR5HSJC3225	Yes	Yes	\$ 12,854.55	Yes	\$ 12,854.55
		2017 Freightliner CA 125SLP					
51205	R James Management Group Alberta Ltd	5KJJBHDR1KLU5724	Yes	Yes	\$ 1,356.15	Yes	\$ 1,356.15
		2019 Western Star 5700XE					
51205	R James Management Group Alberta Ltd	5KJJBHDR1KLU5724	Yes	Yes	\$ 1,091.46	Yes	\$ 1,091.46
		2019 Western Star 5700XE					
51194	R James Management Group Alberta Ltd	3AKJHHDR6KSJX9342	Yes	Yes	\$ 3,826.53	Yes	\$ 3,826.53
		2019 Freightliner PT126SLP					
51193	R James Management Group Alberta Ltd	3AKJHHDR2KSJX9340	Yes	Yes	\$ 8,293.17	Yes	\$ 8,293.17
		2019 Freightliner PT126SLP					
51189	R James Management Group Alberta Ltd	3AKJHHDR1KSJX9331	Yes	Yes	\$ 3,638.79	Yes	\$ 3,638.79
		2019 Freightliner PT126SLP					
51190	R James Management Group Alberta Ltd	3AKJHHDR7KSJX9334	Yes	Yes	\$ 2,111.94	Yes	\$ 2,111.94
		2019 Freightliner PT126SLP					
51136	R James Management Group Alberta Ltd	3AKJGLDRXHSJC3222	Yes	Yes	\$ 2,859.36	Yes	\$ 2,859.36
		2017 Freightliner CA 125SLP					
51204	R James Management Group Alberta Ltd	5KJJBHDR8KLU5722	Yes	Yes	\$ 1,232.11	Yes	\$ 1,232.11
		2019 Western Star 5700XE					
51203	R James Management Group Alberta Ltd	5KJJBHDR1KLU5710	Yes	Yes	\$ 1,014.38	Yes	\$ 1,014.38
		2019 Western Star 5700XE					
1503	Ward Tires Inc.	1UYVS25368U545303	Yes	Yes	\$ 3,864.00	Yes	\$ 3,864.00
		2008 Utility Utility					
51113	Ward Tires Inc.	1FUJGLD66ELFN8131	Yes	Yes	\$ 6,384.00	Yes	\$ 6,384.00
		2014 Freightliner Cascadia					
1502	Ward Tires Inc.	1UYVS2531DU627918	Yes	Yes	\$ 4,014.78	Yes	\$ 4,014.78
		2013 Utility Utility					
51153	Ward Tires Inc.	3AKJHHDR4JSHB5668	Yes	Yes	\$ 4,620.00	Yes	\$ 4,620.00
		2018 Freightliner Cascadia					
51186	Ward Tires Inc.	3AKJHHDR2KSJX9354	Yes	Yes	\$ 4,620.00	Yes	\$ 4,620.00
		2019 Freightliner Cascadia					
51150	Ward Tires Inc.	3AKJHHDR9JSHB5665	Yes	Yes	\$ 6,283.20	Yes	\$ 6,283.20
		2018 Freightliner Cascadia					
51200	Ward Tires Inc.	3AKJHHDR9KSJX9352	Yes	Yes	\$ 8,043.00	Yes	\$ 8,043.00
		2019 Freightliner Cascadia					
51149	Ward Tires Inc.	3AKJHHDR5JSHB5663	Yes	Yes	\$ 4,620.00	Yes	\$ 4,620.00
		2018 Freightliner Cascadia					
2060	Ward Tires Inc.	1FUJGLD54FLK4152	Yes	Yes	\$ 4,620.00	Yes	\$ 4,620.00
		2015 Freightliner Cascadia					
51151	Ward Tires Inc.	3AKJHHDR0JSHB5666	Yes	Yes	\$ 3,780.00	Yes	\$ 3,780.00
		2018 Freightliner Cascadia					
51136	Ward Tires Inc.	3AKJGLDRXHSJC3222	Yes	Yes	\$ 6,300.00	Yes	\$ 6,300.00
		2017 Freightliner Cascadia					
51189	Ward Tires Inc.	3AKJHHDR1KSJX9331	Yes	Yes	\$ 1,743.00	Yes	\$ 1,743.00
		2019 Freightliner Cascadia					
51183	Ward Tires Inc.	3AKJHHDR1KSJX9328	Yes	Yes	\$ 1,975.05	Yes	\$ 1,975.05
		2019 Freightliner Cascadia					
51196	Ward Tires Inc.	3AKJHHDR3KSJX9346	Yes	Yes	\$ 1,975.05	Yes	\$ 1,975.05
		2019 Freightliner Cascadia					
51187	New Millenium Tire Sales & Truck Repairs Ltd.	3AKJHHDRXKSJX9327	Yes	Yes	\$ 7,906.50	Yes	\$ 7,906.50
		2019 Freightliner Cascadia					
51153	New Millenium Tire Sales & Truck Repairs Ltd.	3AKJHHDR4JSHB5668	Yes	Yes	\$ 11,878.49	Yes	\$ 11,878.49
		2018 Freightliner Cascadia					

## APPENDIX “B”

<b>People Express Transport Ltd. - In Receivership</b> <b>Summary of the Receiver's Fees &amp; Disbursements</b> <b>April 14, 2021 to September 30, 2021</b>						
<b>Invoices subject to approval by this Court</b>						
<b>Invoice No.</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Total Fees &amp; Disbursements</b>	<b>GST</b>	<b>Total</b>
830743 - Invoice #4	June 19 to June 30, 2021	\$ 74,329.00	\$ 81.20	\$ 74,410.20	\$ 3,720.51	\$ 78,130.71
830743 - Invoice #5	July 1 to July 31, 2021	\$ 91,887.50	\$ 344.88	\$ 92,232.38	\$ 4,611.62	\$ 96,844.00
830743 - Invoice #6	August 1 to August 31, 2021	\$ 71,298.50	\$ -	\$ 71,298.50	\$ 3,564.93	\$ 74,863.43
830743 - Invoice #7	September 1 to September 30, 2021	\$ 41,953.50	\$ 150.00	\$ 42,103.50	\$ 2,105.18	\$ 44,208.68
<b>Subtotal</b>		<b>\$ 279,468.50</b>	<b>\$ 576.08</b>	<b>\$ 280,044.58</b>	<b>\$14,002.24</b>	<b>\$ 294,046.82</b>
<b>Invoices previously approved by this Court</b>						
<b>Invoice No.</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Total Fees &amp; Disbursements</b>	<b>GST</b>	<b>Total</b>
830743 - Invoice #1	April 14 to May 7, 2021	\$ 260,404.00	\$ 964.72	\$ 261,368.72	\$13,068.44	\$274,437.16
830743 - Invoice #2	May 8 to May 31, 2021	\$ 169,519.50	\$ 6,315.10	\$ 175,834.60	\$ 8,791.73	\$184,626.33
830743 - Invoice #3	June 1 to June 18, 2021	\$ 105,517.00	\$ -	\$ 105,517.00	\$ 5,275.85	\$110,792.85
<b>Subtotal</b>		<b>\$ 535,440.50</b>	<b>\$ 7,279.82</b>	<b>\$ 542,720.32</b>	<b>\$27,136.02</b>	<b>\$ 569,856.34</b>
<b>TOTAL</b>		<b>\$ 814,909.00</b>	<b>\$ 7,855.90</b>	<b>\$ 822,764.90</b>	<b>\$41,138.25</b>	<b>\$ 863,903.15</b>

<b>People Express Transport Ltd. - In Receivership</b> <b>Summary of the Receiver's Legal Counsel (Torys LLP) Fees &amp; Disbursements</b> <b>April 19, 2021 to September 30, 2021</b>						
<b>Invoices subject to approval by this Court</b>						
<b>Invoice No.</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Total Fees &amp; Disbursements</b>	<b>GST</b>	<b>Total</b>
1542042	June 19 to June 30, 2021	\$ 25,362.50	\$ 115.66	\$ 25,478.16	\$ 1,273.91	\$ 26,752.07
1545134	July 1 to July 31, 2021	\$ 48,953.50	\$ 270.05	\$ 49,223.55	\$ 2,453.78	\$ 51,677.33
1546054	August 1 to August 18, 2021	\$ 17,668.50	\$ 40.09	\$ 17,708.59	\$ 884.98	\$ 18,593.57
1547541	August 19 to August 30, 2021	\$ 15,416.00	\$ -	\$ 15,416.00	\$ 770.80	\$ 16,186.80
1550358	September 1 to September 30, 2021	\$ 10,853.50	\$ 12.50	\$ 10,866.00	\$ 542.80	\$ 11,408.80
<b>Subtotal</b>		<b>\$ 118,254.00</b>	<b>\$ 438.30</b>	<b>\$ 118,692.30</b>	<b>\$ 5,926.27</b>	<b>\$ 124,618.57</b>
<b>Invoices previously approved by this Court</b>						
<b>Invoice No.</b>	<b>Period</b>	<b>Fees</b>	<b>Disbursements</b>	<b>Total Fees &amp; Disbursements</b>	<b>GST</b>	<b>Total</b>
1536778	April 19 to April 30, 2021	\$ 49,912.50	\$ 82.85	\$ 49,995.35	\$ 2,498.65	\$ 52,494.00
1537178	May 1 to May 7, 2021	\$ 37,306.50	\$ 656.14	\$ 37,962.64	\$ 1,889.65	\$ 39,852.29
1539341	May 8 to May 31, 2021	\$ 73,855.50	\$ 1,035.50	\$ 74,891.00	\$ 3,733.80	\$ 78,624.80
1541196	June 1 to June 18, 2021	\$ 29,893.50	\$ 744.30	\$ 30,637.80	\$ 1,513.39	\$ 32,151.19
<b>Subtotal</b>		<b>\$ 190,968.00</b>	<b>\$ 2,518.79</b>	<b>\$ 193,486.79</b>	<b>\$ 9,635.49</b>	<b>\$ 203,122.28</b>
<b>TOTAL</b>		<b>\$ 309,222.00</b>	<b>\$ 2,957.09</b>	<b>\$ 312,179.09</b>	<b>\$15,561.76</b>	<b>\$ 327,740.85</b>