

COURT FILE NUMBER

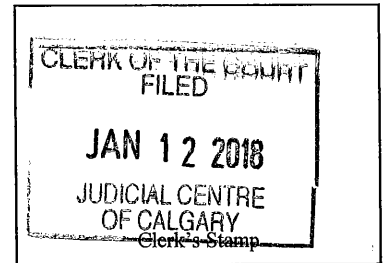
1701-08853

COURT

QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY



IN THE MATTER OF THE BANKRUPTCY AND  
INSOLVENCY OF STARKE DOMINION LTD.

PLAINTIFF  
(APPLICANT)

PARAGON CAPITAL CORPORATION LTD.

DEFENDANT  
(RESPONDENT)

STARKE DOMINION LTD.

DOCUMENT

**APPLICATION FOR THE APPOINTMENT  
OF A RECEIVER**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

**Carscallen LLP**  
900, 332 - 6 Avenue S.W.  
Calgary, Alberta T2P 0B2  
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Attention: Michael J. Whiting  
File No.: 27064.005

NOTICE TO RESPONDENT: Starke Dominion Ltd.

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the presiding Justice in Chambers.

To do so, you must be in Court when the application is heard as shown below:

Date January 19, 2018

Time 10:00 am

Where Calgary Courts Centre, Commercial Justice Chambers

601 5 St SW, Calgary, Alberta T2P 5P7

Before Whom The Honourable Justice Jeffrey

Go to the end of this document to see what else you can do and when you must do it.

**Remedy claimed or sought:**

1. The Applicant, Paragon Capital Corporation Ltd. ("Paragon") seeks an Order substantially in the form attached hereto as Schedule "A", for, among other things, the following relief:
  - (a) abridging, if necessary, the time for service of this application and deeming service good and sufficient;
  - (b) appointing Alvarez & Marsal Canada Inc. ("AMC") as receiver and manager over the assets, undertakings and property of Starke Dominion Ltd. ("Starke");
  - (c) costs of this Application on a solicitor and client basis; and
  - (d) such further and other relief, advice and directions as counsel may advise and this Honourable Court may deem just and appropriate.

**Grounds for making this application:**

2. Paragon and Starke entered into a Loan Agreement, Promissory Note and Extension Agreement in connection with Paragon's advance of \$25,000,000.00 to Starke on the specific terms set forth in the aforementioned documents (collectively, the "Loan Agreements").
3. As security for the funds advanced by Paragon to Starke pursuant to the Loan Agreements, Starke granted various security agreements including a Mortgage, Mortgage Amending Agreement and General Security Agreement (collectively, the "Security").
4. As at January 12, 2018, the total indebtedness outstanding under the Loan Agreements is \$25,471,176.00, plus associated costs and disbursements with additional interest and other charges accrued and accruing thereon at the rates and on the terms established by the Loan Agreements (the "Indebtedness").
5. Starke has failed to comply with certain financial covenants in accordance with the terms of the Loan Agreements, and accordingly, Starke is in default of the Loan Agreements, and the Indebtedness is due and payable.
6. Under the terms of the Loan Agreements and Security, Starke agreed to be responsible for all costs and expenses, including legal fees on a solicitor and his own client, full indemnity basis, incurred in connection with proceedings to collect amounts due and owing.
7. Demands and notices have been issued to Starke pursuant to section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "Demands" and "Notices").
8. Since issuing the Demands and Notices, the Indebtedness continues to remain due and outstanding.

9. It is a term of the Loan Agreements and Security that upon default by Starke, Paragon is entitled to the appointment of a Court-appointed receiver and manager.
10. The appointment of AMC as receiver and manager or, in the alternative, as receiver over the assets, undertakings and property of Starke is just, equitable, convenient and necessary to preserve the Security.
11. AMC has consented to act as receiver and manager over the assets, undertakings and property of Starke.
12. Such further and other grounds as counsel may advise and this Honourable Court may permit.

**Material or evidence to be relied on:**

13. All pleadings and proceedings filed in the within action;
14. The Affidavit of Ken Fedoretz, sworn on January 12, 2018;
15. The Consent to Act as Receiver executed by a duly authorized representative of AMC;
16. The inherent jurisdiction of the Honourable Court to control its own process; and
17. Such further and other material and evidence as counsel may advise and this Honourable Court may permit.

**Applicable rules:**

18. Rules 1.3, 6.47 and 13.5 of the *Alberta Rules of Court*, AR 124/2010; and
19. Such further and other rules as counsel may advise.

**Applicable Acts and regulations:**

20. *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and particularly s. 243 thereof;
21. *Judicature Act*, R.S.A. 2000, c. J-2, as amended, and particularly s. 13(2) thereof;
22. The inherent jurisdiction of this Honourable Court; and
23. Such further and other Acts and regulations as counsel may advise.

**Any irregularity complained of or objection relied on:**

24. None.

**How the application is proposed to be heard or considered:**

25. Oral submissions by counsel at an Application in Justice Chambers as agreed and scheduled by counsel.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the Plaintiffs a reasonable time before the application is to be heard or considered.